Report of the Task Force on the Workers' Compensation Board

Vern Millard
Chairman

Alberta

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November 7th, 1988

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TASK FORCE ON THE
WORKER S COMPENSATION BOARD

Vern Millard Chairman

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Honourable Dr. Ian C. Reid,
Minister of the Environment and
Minister Responsible for the
Workers' Compensation Board
420 Legislature Building
Edmonton, Alberta

November 7th, 1988

Dear Dr. Reid,

The Task Force on the Workers' Compensation Board established on March 31st 1988, herewith submits its report and recommendations for your consideration.

Sincerely,

Vern Millard

Vern Millard
Chairman

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LIST OF PARTICIPANTS

ACKNOWLEDGEMENTS

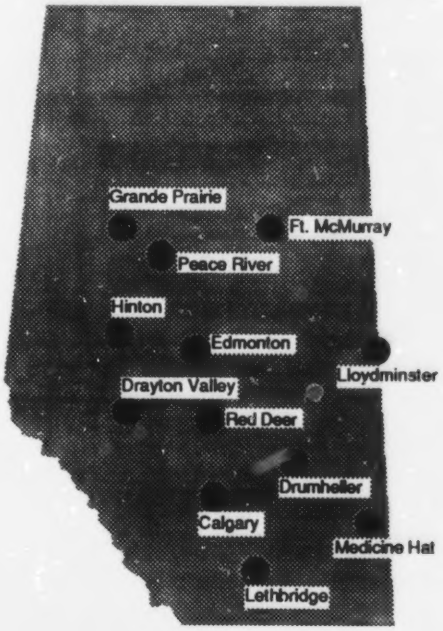
This review was made possible with the time and energy of several hundred participants, who made presentations to the Task Force in the course of its public meetings. In large part these persons represented a diverse range of organizations with an interest in WCB activities, but a special note of thanks should be made to the injured workers who represented themselves and provided the Task Force with valuable consumer comment that contributed to the preparation of this document.

Thank you also to the WCB for its help and cooperation in making available much of the statistical and historical information that provides a valuable backdrop to the discussion and recommendations. A special note of thanks to Desmond Hart and Bill McDonald.

I. INTRODUCTION AND BACKGROUND

1.1 Introduction

On March 31, 1988 the Honourable Jim Dinning, the then Minister of Community and Occupational Health and Minister responsible for the Workers' Compensation Board, released a Discussion Paper entitled "The Workers' Compensation Board: Shaping the Future." The paper had been prepared by the Workers' Compensation Board at Mr. Dinning's request. Stevenson, Kellog, Ernst and Whinney was engaged to facilitate the review. A Steering Committee, consisting of the Minister and the Chairman of the Workers' Compensation Board (WCB), was formed to provide terms of reference and guidance to a Directional Planning Team. The Steering Committee then selected a number of WCB senior personnel to act as the Directional Planning Team.



Communities Visited by the Task Force

The Minister advised that he had asked for "a no-holds barred look at the Workers' Compensation Board...what was working ...and what wasn't. I wanted a frank assessment of what was needed to make the Board more sensitive and responsive to both worker and employer concerns. Above all, I was looking for recommendations that met the needs of Alberta workers hurt on the job...ideas on how to help them get back to work and be as healthy, fulfilled and independent as possible..."Shaping the Future" offers a prescription for making the Board a more effective and efficient organization."

The Discussion Paper included the following major recommendations:

Policy Issues

a) "The focus of the Workers' Compensation Board activities should be on rehabilitation rather than on compensation."

b) "The Workers' Compensation Board should use a "wage-loss method to compensate injured workers."

c) "The concept of universal industry coverage should be endorsed."

Service Issues

d) "The Workers' Compensation Board should adopt policies and systems which will allow it to become a 'more service-driven organization' for both workers and employers."

e) "The Workers' Compensation Board should implement an aggressive and proactive Case Management system which enables rehabilitation and maximizes the likelihood of success."

f) "The Workers' Compensation Board should maintain an internal appeals process."

Funding Issues

g) "The Workers' Compensation Board should continue its policy of full funding by employers because fairness dictates that today's employers pay for the cost of today's accidents."

The focus of the WCB's activities should be on *rehabilitation* rather than compensation

A "wage loss" method should be adopted to compensate injured workers

The concept of universal industry coverage should be accepted

The WCB should adopt policies and systems which will allow it to become a more "service driven" organization

An aggressive and proactive case management system should be adopted

An internal appeal system should be maintained

Full funding by employers should continue

The assessment system is unnecessarily complex, and the WCB should investigate means of simplification while providing a fair distribution of costs

Major Recommendations Contained In The Workers' Compensation Board: Shaping the Future

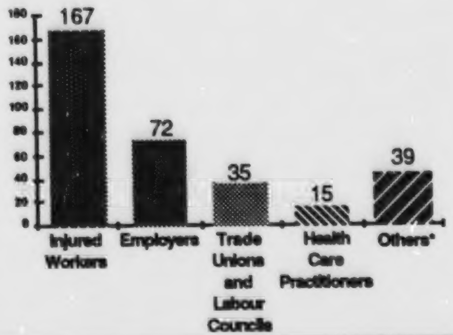
h) "The Workers' Compensation Board should investigate means of simplifying the assessment system while at the same time providing a fair distribution of costs."

The Discussion Paper proposed that these recommendations "require the input of those who are served by the Workers' Compensation Board as well as those who assist in providing that service."

The Minister decided to achieve that objective by establising a Task Force to conduct a public consultation process. He requested me to chair meetings throughout the Province, following which I would report my findings and recommendations.

Administration of the Task Force was under the direction of Patrick Delaney and secretarial services were provided by Angela Howard-Skinner.

The first meetings were held in Calgary on May 5th, 6th and 7th, and were followed the next week in Edmonton on May 12th, 13th and 14th. Meetings were then held in Medicine Hat, Lethbridge, Red Deer, Peace River, Drayton Valley, Grande Prairie, Fort McMurray, Hinton, Drumheller and Lloydminster. Additional sets of meetings were held in Calgary and Edmonton. The Task Force sat on 33 days, including several evening and Saturday sessions, in order to facilitate attendance.



* MLA's
Government Agencies
Municipalities
Chambers of Commerce
Lawyers

Submissions Received by the Task Force

A total of 288 individuals and organizations made presentations at the meetings, and an additional 40 written submissions were filed. The meetings were recorded and have been transcribed. Both the transcripts and the submissions, filed at both the meetings and subsequently, are public and may be reviewed by contacting the Task Force offices.

Participants in the public meetings fell into four main categories:

Trade Unions and Labour Councils
Employers and Employer Associations
Injured Workers and Injured Workers' Associations
Health Care Practitioners

While many of the submissions addressed the issues identified in "Shaping the Future," some of the suggestions relate to additional matters.

All the significant issues are identified in this report and, where possible, have been reviewed.

Before addressing the various recommendations, there is a need to "clear the air" with respect to the following matters:

- Conflicting perceptions of the WCB and
- Concerns about the review process.

1.2 Conflicting Perceptions of the Workers' Compensation Board

It should be no surprise that there are many different and often conflicting perceptions of the WCB. Each group affected by its operation naturally views the organization and its activities from a particular perspective. This became abundantly clear immediately following the release of "Shaping the Future" when parties placed such diverse interpretation on the intent and implications of the Discussion Paper's recommendations.

For example, some media reports indicated that the immediate reaction by the Canadian Organization of Small Business was that the recommendations would "saddle employers with an unfair share of the system's cost." The Canadian Federation of Independent Business is reported as saying, "We already have $290 million unfunded liability in the system, and if you push reform too far that could become out of control, as it has done in Ontario where reforms have gone through."

This view of increasing cost is in sharp contrast to the reaction and perception of the Alberta Federation of Labour (AFL) which, in its press release on April 4, 1988, contended that "the primary objective of the whole exercise is not to attend to the major needs of workers, but to cut costs...relieve employers in this Province of their financial obligation for injury or disease arising from the work place."

The detailed submissions presented at the hearings continued these divergent views.

Submissions by trade unions contended that:

a) there is a growing crisis in workplace health and safety - industrial accidents are increasing, government accident prevention programmes have been slashed,

b) the WCB is in a financial crisis because the government has prevented it from increasing assessment rates to keep pace with inflation or the rising claim costs,

c) the proposed rehabilitation program is designed to get injured workers through the system more quickly and thereby reduce claims and costs, and

d) employers abuse the system by not reporting accidents and arranging for injured workers to remain at work carrying out light duties.

Submissions by employers contended that:

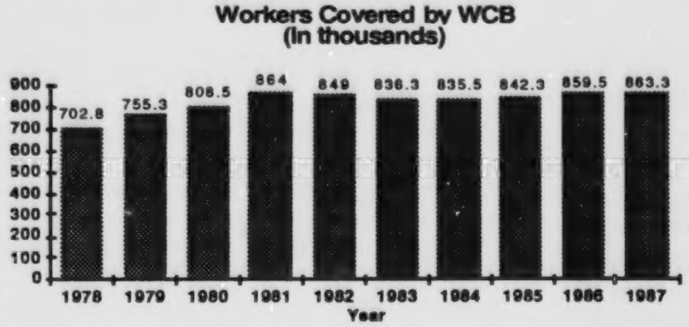
a) the claims costs approved by the WCB have increased excessively in recent years, thereby threatening the economic viability of the system,

b) the system is abused by workers reporting non-existent injuries or remaining on compensation for excessive periods,

c) many permanent partial disability pensions are granted for an injury where there is no impact on the worker's earning capacity, and

d) workers have unnecessary accidents because they don't follow safety instructions and rules.

I concluded that these conflicting views about accidents, costs and funding needed to be investigated before considering the recommendations presented at the public meetings. As an outsider to WCB operations, I had hoped to be able to review documents which would provide a broad overview of the Board's operations. Unfortunately, that kind of summary does not appear to exist, and while the WCB annual reports are helpful, the information contained in them is fragmentary and limited. Therefore, I began assembling data which would provide a "thumbnail sketch" of WCB operations. Following the public meetings, I requested additional information and specific statistical data from the WCB. Complete cooperation and assistance was provided. WCB data are the basis for the following figures and commentary. They provide a factual basis to evaluate the conflicting views identified above.



The number of workers covered by Workers' Compensation in Alberta has increased from about 700,000 in 1978, to 863,000 in 1987.

About 75% of the total workforce is covered.

Figure 1: Workers Covered By WCB 1978-1987

The number of accidents to workers covered by the WCB has varied with level of economic activity. A peak of 60 thousand time-lost injuries occurred in 1981. For the last 3 years it has remained relatively stable at about 42,000.

A time-lost injury is one in which the worker is on compensation for one or more days.

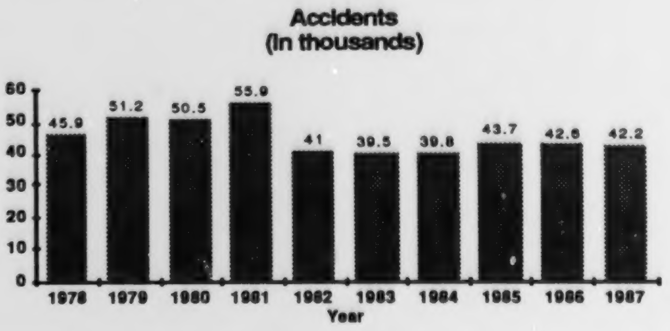
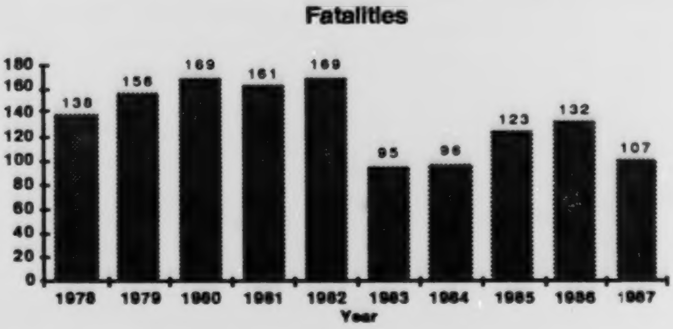


Figure 2: Accidents (Time Lost Claims) 1978-1987



The number of fatalities has varied over the decade from a low of 95 in 1983 to a high of 169 in 1982. In 1987 there were 107 fatalities.

Figure 3: Fatalities 1978-1987

The time-lost claims per 100 workers covered by the WCB has been generally declining during the last 10 years. The lowest rates occurred in 1982 and 1983 when the economy was seriously depressed.

The 1987 rate of 4.9 can be compared to the Canadian average rate of 5.4.

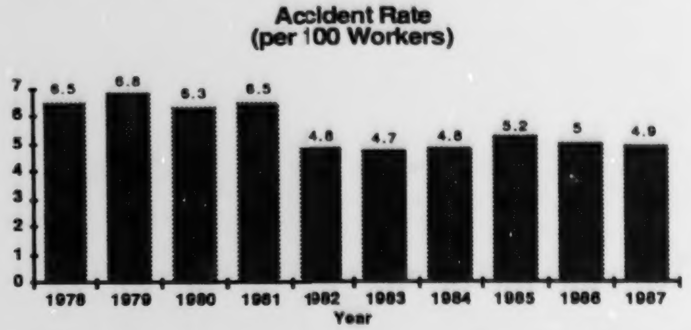
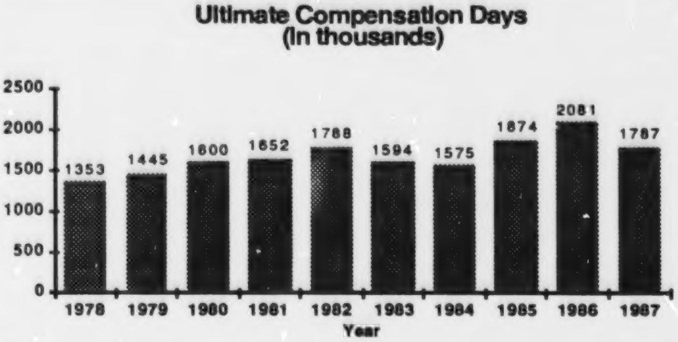


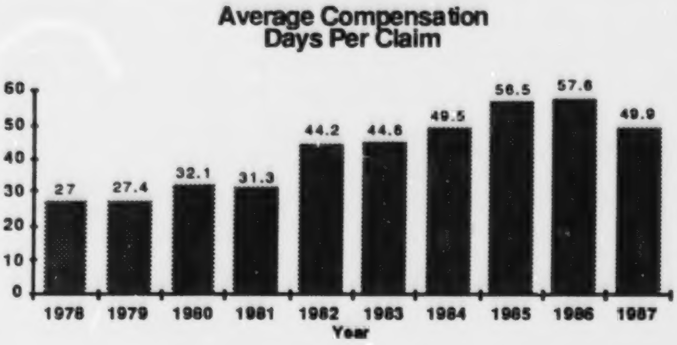
Figure 4: Time Lost Claims per 100 Workers 1978-1987



The time-loss injuries are estimated to have an ultimate number of compensation days ranging from 1.4 million in 1978 to 2.1 in 1986 and 1.8 in 1987.

Injuries can result in compensation days occurring as much as 30 or more years after the accident.

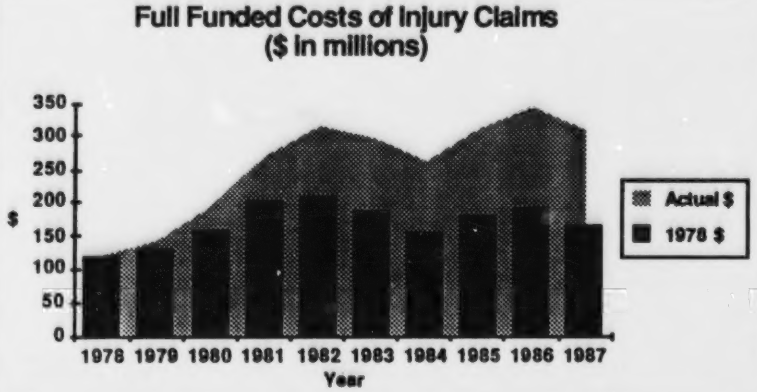
Figure 5: Ultimate Compensation Days Paid 1978-1987



The average number of compensation days per time-lost claim has increased substantially over the decade. In 1978 the average was 27 days, but by 1986 this had increased to 57. In 1987 the average was 50 days.

The major change occurred in 1982 with the downturn of the economy.

Figure 6: Average Compensation Days per Time Lost Claim 1978-1987



The estimated current and future costs of injury claims in a year are referred to as full funded costs. They increased from $117 million in 1978 to $313 million by 1982 and over the next five years fluctuated somewhat, but have remained relatively stable. Expressed in constant 1978 dollars, they have declined since 1982.

Figure 7: Full Funded Costs 1978-1987

The cost per worker covered by the WCB increased from $167 in 1978 to $369 by 1982, but has remained more or less constant during the next 5 years. In terms of constant 1978 dollars, the cost per worker has declined somewhat during the last 5 years.

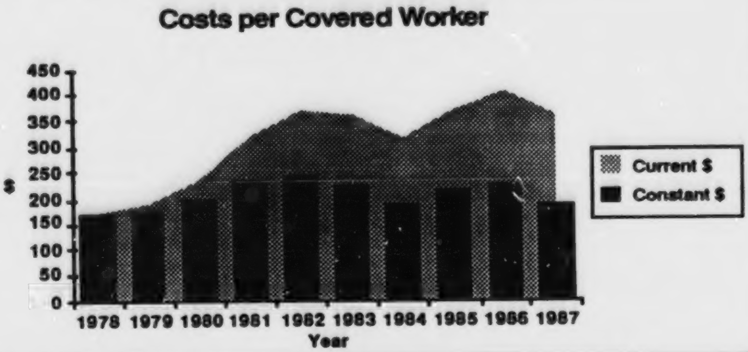
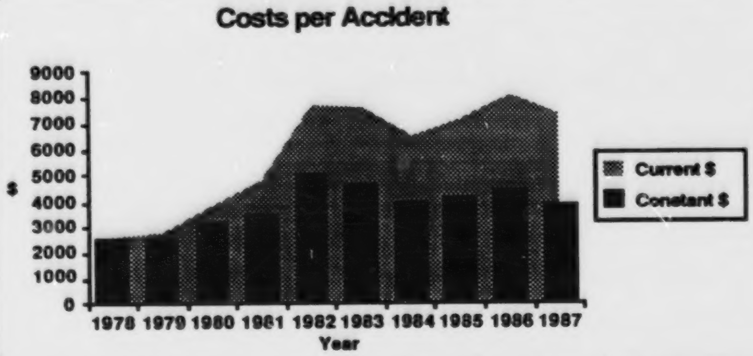


Figure 8: Cost per Covered Worker 1978-1987



As in the case of the cost per worker the cost per accident in terms of constant dollars has declined during the last five years.

Figure 9: Cost per Accident 1978-1987

Assessment revenues more than doubled from 1978 to 1982, but since then have remained virtually constant. In terms of constant 1978 dollars, they have declined since 1982 and in 1987 were only 24 per cent more than in 1978.

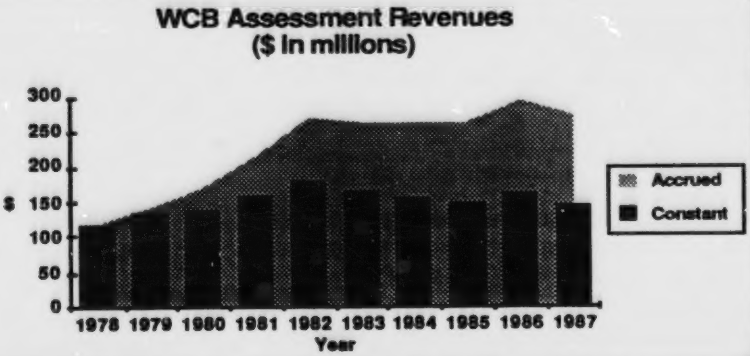
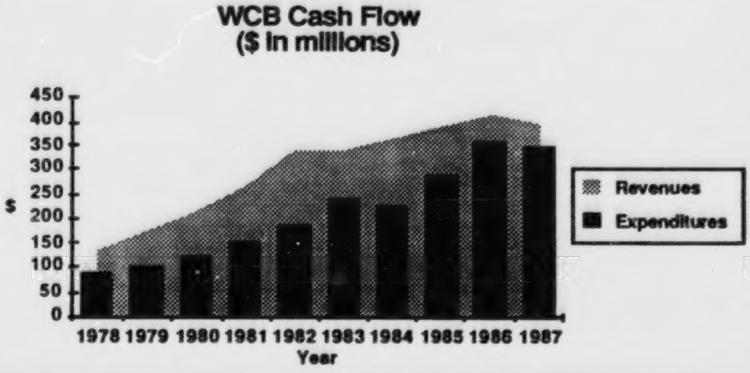


Figure 10: Assessment Revenues 1978-1987



A comparison of revenues from assessment levies plus investment income and annual expenditures shows a significant cash flow for most of the period. By 1987 the difference had declined to less than $50 million.

Figure 11: Cash Flow 1978-1987

Year	Average Assessment Rate	Average Rate Required for Full Funding	Difference
	$ Per $100 Assessable Payroll		
1982	1.71	1.98	.27
1983	1.76	1.98	.20
1984	1.67	1.69	.02
1985	1.64	1.92	.28
1986	1.59	1.99	.40
1987	1.54	1.70	.16
1988	1.59	1.95	.36
Average	1.64	1.88	.24

Figure 12: Full Funded Costs vs. Assessment Revenues 1982-1988

The foregoing charts demonstrate that:

A. Neither total accidents nor accident rates are increasing. Indeed, the rate has declined by about 30 percent over the past decade.

I recognize that there may be some question about the complete validity of the accident statistics. Both unions and employers have contended that there are abuses to the system which impact on the statistics. Each has given examples of abuse, but there is no way of assessing the relative magnitude of them. However, since they tend to offset each other, I believe it is reasonable to accept the data as reported and particularly the indicated trend.

While the accident rate has improved over the last decade, there is considerable evidence to suggest that it could be further improved. Indeed, virtually all parties agreed with that position, and there were several suggestions respecting how that might be achieved.

Obviously, the best way of solving WCB problems is to eliminate injuries, and maximum effort should be directed to that objective. This matter is discussed in Section 5.

B. The WCB does not have a financial crisis in terms of its ability to cover current costs.

Annual revenues continue to exceed current expenditures by some $50 million. However, its financial reserves are not sufficient to cover all future payments that will be required for injuries that have already occurred. A few employers contended that it is not necessary to set aside funds to cover future costs of current accidents. Instead of this full funding approach, they contended that the WCB should operate on a current funding basis whereby current revenues are used to meet current requirements. However, most employees and virtually all other participants argued in favour of the full funding concept and the policy that today's employers should pay for today's accidents. This matter is further discussed in Section 4.5.

C. Claims costs on a fully funded basis did increase dramatically from 1978 to 1982, but have remained relatively constant for the last five years.

Total costs and cost per accident tripled, while average cost per worker more than doubled from 1978 to 1982. However, costs since 1982 have remained relatively constant on a current dollar basis, but have declined in terms of constant dollars.

D. Assessment levies more than doubled from 1978 to 1982, but thereafter have remained more or less level in current dollars.

On a constant dollar basis, 1987 assessments were about 30 percent less than the 1982 assessments. Expressed another way, if the 1982 total assessments had been increased in subsequent years, to reflect inflation, the increase in the unfunded liability from 1982 would be insignificant.

In summary, many of the views expressed both immediately after the release of "Shaping the Future" and at the public meetings were based on incorrect assumptions about the facts. Hopefully, by making this information available, the parties will review their positions and judge WCB operations in terms of the real situation, which should lead to greater agreement.

In my view, many of the misunderstandings and conflicts that exist today would be avoided or minimized by regular publication of the kind of data discussed above.

It is worth noting that very few of the injured workers who appeared at the public meetings were concerned about these matters. Rather, their concerns related to how the system had affected them, and as indicated later, evidence they provided was particularly useful in evaluating the current WCB process.

1.3 Concerns About The Review Process

While the process for reviewing the WCB proposals had been determined long before the Task Force was established and is not therefore my responsibility, there is, nevertheless, a need to consider its validity because it bears directly on the results arising out of the review.

In its April 4, 1988, press release, the Alberta Federation of Labour was particularly critical of the review process, and that theme was repeated during the hearings by many of the trade unions making submissions.

The primary criticisms of the review process were:

a) It violated an historic agreement between labour and management.

This argument was most strongly expressed by both the United Nurses of Alberta (UNA) and the Alberta Federation of Labour (AFL). In its submission, the UNA stated that "Shaping the Future is an irresponsible tinkering with an historic agreement and it is tantamount to betrayal." ..."Workers' Compensation Boards...represents decades of labour-management struggle, and are the very real result of an historic agreement between labour and management." "To alter this agreement, or tamper with it in any way, without knowing, acknowledging and valuing this historic agreement, and without seeking the full input and agreement of both parties is to invite social upheaval and re-ignite old fires."

b) It "overturned a long standing practice whereby a public review of the Workers' Compensation Board was conducted every four years by a Select Committee of the Legislature."

c) The appointment of a one-man Task Force rather than a committee with representatives from organized labour, employers, injured workers and the general public as well as the restrictions on the scope of review of the one-man Task Force.

Some of the union briefs contended that the review process was totally inadequate. For example, the brief of the Canadian Union of Public Employees Local 8 advised the government "to scrap this so called report and do it right as it should have been done in the first place, using user interest groups for the various committees."

In contrast, the submissions from injured workers, employers and other parties did not find fault with the process and, indeed, in many cases, those making submissions went out of their way to express appreciation for both the process and the opportunity to express their views.

The fundamental question is whether the arguments of those unions that criticized the review process are valid. To evaluate that question I reviewed each of the issues and my comments follow.

a) *Did the process violate an historic agreement between labour and management?*

The primary reference for this argument is the 1913 report of Sir William Meredith who was commissioned by the Government of Ontario in 1910 to examine how "laws relating to the liability of employers to make compensation to their employees for injuries received in the course of employment, which are in force in other countries, and as to how far such laws are found to work satisfactorily." Following an extensive review, Judge Meredith submitted in April 1913 a draft bill "embodying such changes in the law as in my opinion should be adopted in the Province," and on October 31, 1913, he submitted his final report providing reasons for his recommendations. This draft bill was subsequently enacted in 1915, thereby establishing the first Workers' Compensation Board in Canada, but it was quickly followed by similar legislation in Alberta, British Columbia and other Provinces.

Judge Meredith's report clearly traces the development and reasons for his recommended bill:

> *At the outset of the inquiry it was contended by those who spoke on behalf of the working men:*
>
> *(1) That the law of Ontario is entirely inadequate in the conditions under which industries are now carried on to provide just compensation for those employed in them, who meet with injuries or suffer from industrial diseases contracted in the course of their employment, and*
>
> *(2) That under a just law, the risks arising from these causes should be regarded as risks of the industries and compensation for them should be paid by the industries. ...*
>
> *With these two propositions, those representing the employers expressed their agreement, though it is fair to say that it was probably not intended to agree that compensation should be paid in respect of industrial diseases. ...*
>
> *Agreeing as I did with the contentions of the working men, there remained only to be considered in what form and by what means the compensation should be provided.*

In discussing compensation matters, Judge Meredith stated:

> *The employers insisted that a part of the assessments to provide for the payment of the compensation should be paid by the employees, and this was vigorously opposed by representatives of the working men. The employers desired that no compensation should be payable where the injury to the workman did not disable him from earning full wages for at least seven days, and to this the representatives of the working men objected. The employers also desired that, as the British act provides, an employee should not be entitled to compensation if his injury was due to his own serious and willful misconduct, but the representative of the working men objected to any such limitation of the right of compensation.*

Judge Meredith's report indicates that the Canadian Manufacturers Association presented its own draft legislation to him. He commented on many aspects of it and with respect to compensation stated:

> *The scale of compensation proposed by the Association is, in my opinion, based upon a wrong*

> *principle and will not afford reasonable compensation to the injured workman and his dependants; and indeed I doubt whether if it were adopted, the working man would on the whole be in a much better position than they would be without the act, especially if the changes in the common law, which I recommend, are made.*

Judge Meredith went on to report that:

> *The scale of compensation which I propose was strongly objected to by the Association as being unfair to the manufacturer, and as imposing upon him a burden that would handicap him in his competition with the manufacturers of other Provinces, and of other countries, and would tend to divert manufacturing from this Province to other Provinces in which less onerous laws are in force... My conclusion is that for all these reasons there is no valid ground for the objectives of the Association to the scale of compensation which I have proposed.*

Having regard for the above extracts from Judge Meredith's report, it is abundantly clear that while the two parties agreed that there should be "just compensation" for injured workers, they could not agree "in what form and by what means the compensation should be provided." Consequently, there was no "agreement between employees and employers" as contended by the UNA and the AFL.

As a result of Judge Meredith's recommendations and draft bill, the Ontario Legislature imposed its decision as to what would be fair and reasonable arrangements for a workers' compensation system.

Since there is no "historic agreement" between labour and management, the current review process could not have violated it.

b) Would the appointment of a Select Committee of the Legislature have been a more effective review process than an internal Workers' Compensation Board review followed by Task Force public hearings and recommendations?

The Select Committee alternative was used in 1976, 1980 and 1984. The Committee members were Members of the Legislative Assembly, and the Chairman for the last two Select Committees was the Minister then responsible for the Workers' Compensation Board. Hearings were held in several areas in the Province to receive submissions by representatives of trade unions, employers, health care practitioners and other interested persons, including a few injured workers. The submissions were primarily directed to provisions in the legislation and all of the Committee's recommendations related to legislative amendments. Almost all of the recommendations made in the 1984 report were enacted.

TABLE 1
Comparison of the 1984 Select Committee Review and the 1988 Task Force Review

	1984 Select Committee Review	1988 Task Force Review
a) Submissions to Public Meetings		
Trade Unions & Labour Councils	16	35
Employers	29	45
Employer Assoc.	40	27
Injured Workers	18	160
Injured Workers' Associations	-	7
Health Care Practitioners	8	15
Others	26	39
Total	137	328
b) Communities in which meetings were held	7	12
c) Number of hearing days		33
d) Subject matter	Primarily legislation	Virtually all aspects of WCB operations

In contrast, the current review process was initiated by an intensive in-house assessment by the WCB which resulted in a report calling for sweeping changes in its mode of operation. The Task Force meetings have provided an opportunity for all parties not only to comment on the WCB recommendations, but to propose additional changes.

The two review processes have many similarities, but in the current review, the initial WCB assessment has provided an impetus and focus much more far ranging than in the previous Select Committee reviews. This probably explains the much greater participation in the present process than has been seen in the past. Table 1 illustrates this point.

In summary, the Select Committee approach was adopted in 1976, 1980 and 1984, but resulted in minimum change in the mode of operations of the WCB. One can only conclude that the process was unsuccessful or that the current problems suddenly appeared during the last couple of years. The latter proposition does not seem reasonable. Under those circumstances one can readily understand why the Minister decided to adopt a new approach. The present process has resulted in substantial input by all parties and, as the AFL stated in its submission, a "wealth of information and opinion being presented." Hopefully, this will provide a more satisfactory answer to some of the problems faced by the Board.

c) *Should the Task Force have been a one-person Task Force and were there restrictions on the scope of review?*

It is not appropriate for me to comment whether it should have been a single-person Task Force or a committee. However, there are many precedents for single-person Task Forces, the most noteworthy of which was Sir William Meredith in 1910.

In my opinion, there were no restrictions placed on the scope of the Task Force's review process.

In the letter of appointment I received from the Minister, I was advised that I had "the authority to review any matters which arise and to make any recommendations you deem appropriate." I was also encouraged by the Minister "to meet with and receive submissions from workers, employers, trade unions, employer associations, labour associations, health professionals, and any other interested parties."

In summary, I believe the review process to be innovative and effective. The acid test, of course, is the report and recommendations which flow from the process, the response to them and the impact they have on current problems.

Before leaving the introductory section, a few comments need to be made about the overall views of the parties. While reference has been made to the divergent responses by labour and management respecting "Shaping the Future," it is also fair to say that the parties appear to agree about many more matters than they disagree. Indeed, the areas of disagreement are relatively limited and primarily relate to the inevitable differing views respecting benefits for injured workers versus the cost of those benefits. Employers continue to want to see costs minimized, while workers and unions believe that cost is not an issue. They believe that complete wage replacement is the injured workers' right in return for giving up the right to sue the employer.

However, both workers/unions and employers agree that injured workers must be fairly treated in a sensitive and cost effective manner. For example, both sides appear to agree with the objective of effective rehabilitation to enable the worker to return to employment as soon as possible, thereby minimizing pain and suffering for the injured worker and costs for the employer. Unions, however, would object if they perceived that workers were being forced to return to work before they were healed.

Similarly, the two parties appear to agree that there should be fewer injuries; however, unions would not accept policies which would encourage employers to avoid reporting injuries and force the injured worker to stay on the job.

II. ISSUES TO BE CONSIDERED

In his letter of March 30th, 1988, the Minister advised me that the mandate of the Task Force was to "receive public input on recommended changes to the Board." I was advised that "these recommended changes are contained in the discussion paper 'The WCB: Shaping the Future'."

The Minister went on to outline three areas which needed to be addressed for the stakeholder input to be valuable:

Policy

The discussion paper recommends that the Board strike a balance between rehabilitation and compensation. I feel that this approach will best meet the needs of injured workers.

It is also recommended that the method of compensation be changed to a "wage-loss" approach. This recommendation has major implications for both workers and employers.

Assessment has long-term implications for workers and employers. As a result, the recommendation concerning universal coverage must be open to analysis and discussion.

Service

There is no doubt that discussion of the services the WCB provides to workers and employers will form a major part of the submissions you receive. The WCB must become a more "service-driven" organization. I feel the recommendations in the discussion paper concerning case management and appeals will help bring this about. I want to know if the stakeholders agree or if they have alternate approaches to recommend.

Funding

Both workers and employers have a stake in reducing long-term liability of the WCB. The intent of the stakeholder input process will be to arrive at a consensus as to how the WCB can achieve a fully funded position without unduly burdening employers or threatening the rights of workers.

At the commencement of the process, the Task Force assumed that the focus of discussion at the meetings would be on the various recommendations in "Shaping the Future." That assumption turned out to be generally correct, but other issues were also introduced by those participating in the public meetings.

The appearance of about 160 injured workers and their associations raised questions about the fairness of the WCB and the system under which it operates. To some degree, the questions related to proposals in "Shaping the Future," but they introduced the element of currency - that is to say what, if any, action should be taken about injured workers who may have been disadvantaged by the current system which the WCB proposes should be changed.

Similarly, several trade unions raised the question of accident or injury reduction which was barely referred to in "Shaping the Future."

Participants at the meetings also identified a variety of other issues, but most of them related to recommendations in "Shaping the Future."

The Task Force concludes that the issues to be considered are:

1. Are the complaints of the injured workers about the inadequacies of the system valid and, if so, should any corrective action be taken?
2. Are the WCB recommendations appropriate, and if so, what is the urgency in implementation?
3. Should the WCB play a more active role in injury reduction and, if so, how might that be achieved?

The Task Force Considered Three Fundamental Issues...

- Are the complaints of injured workers about the inadequacies of the system valid?
- Should the WCB recommendations be adopted?
- Are the current programs and policies suitable for reducing accidents?

To Which It Applied the Following Criteria...

- Would fair treatment for the worker result?
- Would the proposal be cost effective?
- Would accident reduction be achieved?

III. THE VALIDITY OF INJURED WORKERS' COMPLAINTS

3.1 Introduction

A unique and especially valuable contribution about WCB operations was provided by seven injured worker associations and 160 injured workers. Their submissions provided first-hand information and perspective about many aspects of the WCB system, as exprienced by this specific group.

In most cases the injuries were serious, frequently resulting in healing periods that extended over several years. Often the worker had suffered more than one injury, which left him or her incapable of carrying on the original type of work, but not totally incapacitated. In many cases, medical experts disagreed about the nature and impact of the injury on the worker. However, eventually the WCB declared the worker to be capable of "suitable employment." But, with few exceptions, they had been unable to find that kind of work.

Most of the injured workers recounted how their injury had seriously damaged their economic status and lifestyle. Frequently, savings, home, and other assets had been sacrificed, and on many occasions marriages had failed. Many of the injured workers appearing before the Task Force were financially dependant on Social Services and faced a bleak future. And, as many told the Task Force, "all because I had an accident I didn't want."

Back injuries accounted for about two-thirds of the cases, and frequently were preceded by several other back injuries, which may have resulted in several operations.

3.2 The Complaints of Injured Workers

Their experience with the WCB system left them embittered and frustrated. A frequent comment was that "you have to fight to get any justice." Most had gone through several appeals in order to stay on compensation or to obtain a relatively small permanent disability pension. They described their many problems with the WCB and particularly emphasized:

a) WCB service
b) medical evaluation
c) rehabilitation programmes, and
d) compensation and benefit programmes.

These issues are discussed in later sections of this report.

The Task Force is very conscious that in each case it only heard the views of the injured workers and that a WCB presentation would probably give a somewhat different description of events. It also recognizes that the group of workers appearing represents a minute sample of all injured workers. Nevertheless, the overall evidence clearly indicated both deficiencies in the current system and its failure to meet the needs of all of these workers. There were too many cases from too many localities presenting too similar accounts to dismiss their evidence or classify them as malingerers.

The injured workers appearing at the public meetings contended that WCB service has been inadequate, the medical diagnosis and treatment found wanting, the rehabilitation programme virtually non-existent and the benefit system inappropriate. These deficiencies, with the exception of medical concerns, are the major issues addressed in "Shaping the Future," thus confirming both the WCB review group's assessment, as well as the overall tenor of the injured workers' complaints.

3.3 What Action Should be Taken?

"Shaping the Future" presents a prescription for how the types of problems experienced by the injured worker can be resolved. For example, the wage-loss benefit system proposed by the WCB would likely have provided much greater disability pensions to most of those appearing at the meetings. Similarly, the proposed rehabilitation programme would have swung into action at a much earlier stage and may have been able to materially assist these injured workers.

However, future changes in the system can only help future injury cases - they do not do much for those who have been injured and have been seriously disadvantaged by the current system. Adopting a more effective compensation/benefit policy for future injured workers does not provide much comfort for those currently suffering financial hardship due to the inadequacies of the current system.

In my view, these serious cases should be reconsidered and corrections made to ensure that the basic objectives of a workers' compensation system are met - that the worker be fairly compensated for his or her injury.

Unfortunately, only the Task Force has heard the experiences of the injured workers appearing at the public meetings, and few, if any, of the other interested groups will read the transcripts of the meetings. Therefore, the Task Force decided that there was a need to document the information provided by these workers, in order to develop a profile of a seriously injured worker: age, education, the kind of work, the nature of the injury, economic impact, etc.

I concluded that the most effective and reliable method would be to conduct a survey of the injured workers who appeared at the hearings, and thereby obtain hard evidence of their experiences. Arrangements were made with Humanité Services Planning Ltd. to make such a survey, analyze the data and present conclusions. Its report is Appendix A and its conclusions are as follws:

Survey Summary

One hundred twenty-five questionnaires were mailed to injured workers who had appeared or made submissions to the Task Force. Seventy-six completed questionnaires were returned, representing a 60.8% response rate.

The profile of the average injured worker which emerges from the survey information is that of a man over forty years of age who did not complete high school and who sustained his first injury when he was 40+ years old. His income at the time of his last injury was between $20,000 and $40,000. His accident probably resulted in a back injury (about 2/3 of all respondents) and occurred while he was working in the construction industry or doing maintenance/security/inspection work. The cause of the injury was most likely a fall, a strain/sprain, or lifting.

Although the statistics indicate that most injured workers are men, the survey also provides some salient information about women who are injured at the job site. Since only 14 (18%) of the 76 respondents were women, the reader must be cautioned that these data do not necessarily provide an accurate profile of the *average* injured female worker. Unlike the men, most women (57%) earned less than $20,000 annually at the time of their last injury. However, their education was markedly higher than that of their male counterparts. While men were concentrated at the lower end of the educational scale, 61% of the women had attained "post secondary," "some university," or "university graduate" status. Almost half of the women sustained their injuries while working as nurses, and back injuries occurred most frequently for them, as well as for the men. Also similar to the data for men are the causes of injury for women: falls were most frequent, followed by strains/sprains and lifting, respectively.

Since so many workers reported back injuries, comparisons were made between this special group and all respondents for seven data categories (on the following page).

Two questions, parts 6 and 7, asked respondents to provide comments. Part 6 asked them to identify the positive aspects of how the WCB dealt with their cases. A total of 63% did not provide any positive comments. Those who did reply identified three positive aspects of the WCB: particular staff members were commended, payments were sent promptly and regularly, and claims at the time of initial injury were processed efficiently.

Part 7 requested suggestions on how the WCB could improve the way it offers its services. Most injured workers gave this question a good deal of consideration and responded in some detail. Since their suggestions are too numerous to summarize, the reader is referred to the Appendix for a sample of workers' recommendations.

In addition, I have included in Appendix B a more detailed summary of *seven* of the cases which represents a cross-section of the injured workers who appeared.

	All Respondents	Back Injuries
• **Age Range of Respondents**	Currently most (68%) are over 40 years of age.	Most (52%) are over 40 years.
• **Occupation at Time of Injury**	Primarily construction, followed by maintenance/security/ inspection work.	Primarily construction, followed by oilfield and automotive work.
• **Causes of Injuries**	Most caused by falls (28%), followed by strains/sprains (18%) and lifting (13%).	Most caused by falls (30%), followed by strains/sprains (21%) and lifting (15%).
• **Family Breakdown**	44% reported family breakdown occurring after the injury. 73% of this group attributed the change to the injury.	42% of the back injury group responding to this question (n=38) experienced family breakdown after the injury. 56% of this group attributed the change to the injury.
• **Earning Ability Interrupted**	97% had their earning ability interrupted by their injuries. 81% felt that they would never attain the income they would have attained had they not been injured.	93% had their earning ability interrupted by their injuries. 76% felt that they would never attain their expected income.
• **Not Expecting to Return to Work**	57% of those not currently working did not expect to return to work.	72% of those not currently working did not expect to return to work.
	Of those not expecting to return, 42% are receiving a disability pension with an average rate of 15%. Most had pre-injury earnings ranging from $20,000 - $40,000, and most were not high school graduates. 49% received vocational rehabilitation.	Of those not expecting to return, 30% are receiving a disability pension with an average rate of 11%. Most had pre-injury earnings ranging from $20,000 - $40,000, and 47% did not complete high school. 17% received vocational rehabilitation.
• **Continuing Treatment for Back Injuries**		Of the 46 reported back injuries, 32 (70%) are still receiving treatment. Injuries for those still being treated date back as far as 1963, 1972 and 1978. Of this group, 26 people (24 men, 2 women) attended the WCB Rehabilitation Centre.

The submissions of the injured workers together with the survey results provide convincing evidence of the need for prompt action in correcting past judgements made by the WCB with respect to at least some of the injured workers.

Sections 59 and 60 of the Workers' Compensation Act permit granting a worker who suffers a permanent disability as the result of an accident a supplement to a permanent disability pension. Section 59 relates to an aggravation of a pre-existing condition. Section 60 states that "if the Board is satisfied that the worker's net earnings after the accident together with any compensation he is receiving with respect to the accident are less than his net earnings calculated under Section 51 the Board may, in addition to the compensation payable under that section pay compensation in an amount up to 90% of the earnings loss according to what percentage of the earnings loss is in the Board's opinion caused by the residual disability."

The Task Force understands that it has been WCB policy not to grant wage-loss supplements under these sections unless the worker is a wage earner. Thus, the supplement is considered to be supplemental to wage earnings plus the worker's permanent partial disability pension. However, neither the Act nor policy documents specify that the worker must have returned to work and be a wage earner in order to qualify for a supplement. Therefore, those injured workers who can demonstrate that the impact of their work-related injuries has effectively prevented them from returning to work should be eligible for a wage-loss supplement.

Many of the persons appearing at the public meetings were in a desperate plight and, therefore, there is a need not only to move promptly, but also in an effective and simple manner.

Task Force Recommendation

The Task Force recommends that the cases of workers seriously disadvantaged by the current system be reconsidered.

IV. CONSIDERATION OF WCB PROPOSALS IN "SHAPING THE FUTURE"

4.1 Care and Compensation of Injured Workers (Claims Processing)

Background

Workers' compensation was designed to ensure that a worker injured on the job would receive medical care to heal the injury, compensation while unable to work, and rehabilitation services to assist the return to employment. The costs would be paid by the employers on a collective basis, in exchange for injured workers' giving up their right to sue the employer for the injury.

The process is initiated when a worker suffers a work-related injury. The worker obtains medical treatment from his or her physician or at a hospital for emergency situations. The law requires that both the physician and employer report an injury to the WCB, and these reports initiate a process involving the injured worker, the employer, health care practitioners and the WCB.

The injury may range from minor, requiring only a few days for healing, to serious, and require months or years for healing with a remaining permanent impairment. In the extreme it can be fatal.

During the last six years, the WCB received an average of about 60,000 injury claims per year, which amounts to about 230 reports each working day. Most of the reported injuries are relatively minor and, in fact, about 70 percent of injured workers experiencing a time lost accident return to work within 30 days of the injury.

In 1986 the Workers' Compensation Board received 58,600 accident claims, of which 9,400 required only medical attention and no days off, 6,600 were determined to be non-compensable because they were not work-related, and the remaining 42,600 required compensation for days off work. In the latter category, 30,300 workers were off work for less than 30 work days, 7,000 were off 30 to 100 days, 4,100 for 100 to 300 days, and 1,100 more than 300 work days or 14 months.

Upon receipt of an injury report, the WCB opens a file and the claim is assigned to an adjudicator who is responsible for ensuring that:

a) the injury is work-related and has been properly reported,

b) the worker receives compensation in accordance with the prescribed rules,

c) the worker is contacted,

d) the healing process is proceeding satisfactorily,

e) rehabilitation is implemented if necessary, and

f) a permanent disability pension is awarded where there is permanent impairment.

Recognizing the wide variation in the seriousness of injuries, the WCB has organized adjudications into

1. Primary adjudication - relatively simple injuries where the worker is expected to be off work a relatively short time - usually less than 30 days, but can be as long as 90 days.
2. Extended adjudication - injuries that are relatively serious and require several months of healing.
3. Special adjudication - injuries which result in a permanent impairment and a disability pension, or fatal injuries or injuries where healing has not proceeded as expected.

Adjudicators are the core of WCB operations. They are the contact point with the injured workers, the employer and the health practitioner. They make the initial decisions as to whether the claim is valid, how long compensation should be paid and at what rate, whether the worker is fit to return to work, whether rehabilitation services are requried, whether there is a permanent impairment and whether a disability pension should be awarded.

Of course, in many of these decisions, the adjudicator is assisted by expert advice from health practitioners and others. But sometimes there are disagreements by the experts, and the adjudicator is left with the difficult task of making the decisions. The decisions are based on rules and policies that have been established under the Act by the Board and judgement.

The decisions of the adjudicator are appealable to the Claims Services Review Committee at a first level and then to the Board itself at a final level.

The adjudicator is obviously a key person for the injured worker because of the potential impact on his or her life during the healing period and prior to return to work. Where the healing period is protracted, there are bound to be questions about the future. Some decisions made by adjudicators can be expected to be objected to by the injured worker when they are not in his or her favour.

Employers also can become concerned about an adjudicator's decisions because, indirectly, the employer is covering the cost. If the claim does not appear to be justified, or the compensation period too long, or the disability award too high, then the adjudicator may hear from the employer and the decisions may be appealed.

Thus the adjudicators are on the front lines of WCB operations. They are buffeted from both sides. Their decisions have a powerful impact on the lives of injured workers - particularly for the more serious cases. Where there is a serious conflict between the medical experts and the worker as to the nature and impact of the injury (e.g. many back injuries), the situation is especially difficult.

Currently the WCB has a complement of 82 adjudicators, but allowing for shortfalls there is an effective group of about 75 to 80. Turnover is quite high with special adjudicators being promoted or transferred to other positions in the WCB.

Proposals in "Shaping the Future"

When the WCB reviewed its operations, it concluded that there were problems in the processing of injury claims. In "Shaping the Future" it stated that "delays and inefficiencies in the claim processing system lead to longer claim periods, slower rehabilitation and higher costs." It proposed that the emphasis should be changed from compensation of the injured worker to the rehabilitation of those workers suffering more serious injuries. Additionally, it concluded that the Workers' Compensation Board should be a "service driven" organization.

More specifically, the report recommends:

1. establishment of a case management system,
2. a system to quickly identify those injuries requiring special consideration,
3. early intervention in order to
   (i) reduce the effects of disability,
   (ii) assist the worker to return to work, and
   (iii) reduce costs,
4. input from doctors and other health professionals to identify restrictions imposed upon the worker because of the injury,
5. quickly adjudicate those claims where there is no policy or precedent, and
6. define, identify and deal with any abuses to the system.

Views of Participants

Injured Workers

During the course of the public meetings, injured workers focused many of their comments on how the WCB deals with injury claims and, in particular, how it dealt with their specific cases. There was substantial agreement respecting the current problems in the system. The more common complaints were:

1. A worker cannot get information about his or her case because:
    a) the adjudicator is never available when telephoned,
    b) a message left for the adjudicator to call is not responded to for days or weeks,
    c) the adjudicator is frequently changed, but without advice to the worker, and
    d) when contact is finally made with the adjudicator, the file is not available and frequently the file is required to answer the question.
2. The WCB file system requires re-design because:
    a) the file is not immediately available for answering questions, and it takes days or possibly weeks for the adjudicator to obtain it - the delay is especially protracted for non-Edmonton locations, and
    b) there is only a single file for each claim, retrieving it to answer an injured worker's question results in a delay in processing the claim.
3. Problems with adjudicators:
    a) "you have to fight for everything you get from the WCB" was a common view.
    b) adjudicators are not sensitive to the injured workers' needs or problems, and are frequently rude or insulting.
    c) adjudicators overrule the decisions and recommendations of the worker's own physician by deciding that the worker is capable of returning to work and therefore discontinue compensation payments.
4. Problems with the decision-making process:
    a) a worker is cut off compensation without prior notification.
    b) the adjudicator does not give reasons for the decision and consequently the worker is unaware of the problem.
    c) the Claims Services Review Committee does not give reasons for its decisions respecting appeals, and the worker is unaware of why his or her appeal was not successful.
5. Long delays in processing claims and appeals leave the worker in a precarious financial situation. Many workers alleged that the delays were intentional and designed to force the worker to settle on the WCB terms.
6. Difficulty in viewing and obtaining copies of correspondence or medical reports on his or her file.

Trade Unions

A common theme of the trade unions was the fear that WCB proposals were designed to reduce costs by pushing the injured worker through the system more rapidly and thereby reducing benefits. Aside from this underlying concern, there was some support for the WCB proposals respecting rehabilitation and more effective claims processing.

The Alberta Federation of Labour's brief identified a number of concerns about the present system:

1. Workers lack information about the WCB system.

   The AFL contended that most workers know almost nothing about the Act or their rights until they are injured or found to suffer from an industrial disease. Because workers are uninformed about the system, their appeals frequently fail on technical grounds.

2. The WCB is a self-governing bureaucracy.

   The Board's own policies, orders, directives and appeal decisions establish the "law" respecting compensation. While some of these "laws" are available in a Policy and Procedures Manual, others are not, and consequently, the injured worker and his or her advocate are at a disadvantage.

3. Political pressures create problems.

   The AFL contended that "On at least one occasion...the Minister of Community and Occupational Health asked for a cutback in claim costs...(and) hundreds of injured workers suddenly found decisions going against their claims."

4. Medical problems.

   Some doctors will refuse to treat WCB cases for such reasons as to avoid the 'red tape' of the system. The AFL also stated that it is a "fundamental breach of justice that medical reports are not made as readily available to the injured worker as they are to the Board." Concern was also expressed that the adjudicators and other Board officials overrule the diagnosis or the advice of qualified practitioners.

5. Workers are required to prove their case.

Employers

Most of the employers' submissions indicated general agreement with the WCB proposals respecting claims processing. In particular, they agreed that effective case management would be a means of ensuring:

a) more effective rehabilitation,
b) a reduction of pain and suffering, and
c) a quicker return to work.

An underlying concern was the possibility that the proposed changes would lead to even higher costs. The Industry Task Force on Workers' Compensation in Alberta proposed that the WCB test some of its proposals by pilot studies.

The Industry Task Force was formed in 1983 to respond to the recommendations of the Select Committee on Workers' Compensation. It had obviously given a great deal of consideration to various aspects of WCB operations and offered many suggestions. In the section on Claim Processing, it supported the proposed case management system. With respect to early identification of long-term cases, it proposed a pilot project based on information already in WCB files.

The Industry Task Force agreed that "the vast majority of cases are well handled" but identified one area requiring improvement - "the system of recording information on WCB forms" and initiating an injury claim. It proposed the following:

1. accidents are registered verbally by telephone or fax, promptly.
2. the WCB immediately assigns a case number.
3. the case number is placed on a new three-part, four-copy reporting form that would be completed by the employer, the employee and the health practitioner.

In several of its recommendations the Task Force emphasized the constructive role that the employer could play in these matters and offered to work with the WCB in the development of effective progress.

Health Care Professionals

Health care professionals stressed the need for a co-ordinated approach in the care of injured workers as well as the need for better communication between the parties - the injured worker, the health care professional, the employer and the WCB. They indicated a need for the WCB to provide more information about its policies and procedures in order that the treating physician would have a clearer understanding of his/her responsibilities. It was suggested that "community physicians have only a superficial understanding of their role and responsibilities in a claim for workers' compensation." Chiropractors criticized the current restriction imposed by the WCB on their services. Physiotherapists described co-ordination problems between the physicians, the WCB and their operations.

Views of the Task Force

It is not surprising that the manner in which injury claims are processed by the WCB was viewed somewhat differently by the various groups appearing at the hearings. Understandably, injured workers view the matter in terms of compensation benefits and the quality of service they receive. Trade unions also focused on those aspects, but identified broader issues, such as alleged political interference and the need to educate workers about the WCB system. Employers are naturally concerned about the costs of the system and abuses of it, but they also recognize the need for quality service.

Thus "quality of service" is seen by all parties as a necessary objective. Moreover, there was general agreement by all parties, including the WCB planning team in "Shaping the Future," that the current quality should be improved. How should that improvement be achieved? Is it a matter of adjudicators' changing their style, or is it much more fundamental? The Task Force has not made an in-depth analysis of these matters, but based on discussions with WCB personnel and piecing together a number of related factors, it suggests that the problem does not lie with the adjudicators themselves, but in three identifiable areas:

1) resources
2) the system
3) the policies

Resources

On an average day, WCB adjudicators have about 20,000 active files or an average of about 245 cases for each adjudicator. Comparisons with other provincial WCBs indicate that this is an extremely high case load. The actual situation is more severe because the department is not operating at the approved staff complement, and the average case load is actually about 270, which is far too high.

The case load problem is exacerbated by the limited experience of many of the adjudicators. The average experience of primary adjudicators is only 3 months, extended adjudicators have an average of 12 months experience, while special adjudicators have 24 months experience. The limited experience is coupled with little opportunity for training in an area that is complex and demanding for the most skilled practitioner.

The high case loads mean that claims which require special services cannot be properly served, and consequently there are complaints. The shortage in resources means that cases do not receive timely reviews and consequently can carry on much longer than necessary. For example, in September 1988, a count of outstanding cases revealed that 3,080 claims were more than 14 months from the date of injury, the average claim was about 28 months, and there were 262 cases more than 4.25 years from injury. The annual cost of these cases is likely about $40 million. Rehabilitation is delayed, and the injured worker is left in an unsettled state for an excessive period. All of these factors lead to greater pain and suffering for the worker and increased costs.

The System

The problems created by inadequate resources are exacerbated by deficiencies in the basic filing system. Currently, there is only a single master file for each claim, and at any point in time that file can be in one of several departments for a specific activity. Inquiries frequently require the file to be returned to the adjudicator, followed by its return to the previous location. Not only does this system mean delay for the adjudicator in responding to the inquiry, but the transfer of the file delays the subsequent processing of the claim. The constant transferring of files also means costs. Periodically a file is lost through all this transferring, and thus the delays are compounded. Once a worker appreciates this situation, he or she is caught in a "catch 22" dilemma - telephone to get information about progress and delay the final decision, or not telephone and risk the possibility that the claim has been accidentally side-tracked.

Policies

"Shaping the Future" identified policy issues that are unsatisfactory and create problems. The current pension system is one of those problem areas. As discussed in Section 4.3, the current average physical impairment/disability system results in some injured workers receiving a disability pension greater than the impact on earnings, while for others, the pension awarded is far less than the reduction in earnings. The final outcome of this policy is contrary to the basic objectives of workers' compensation. Evidence of these results is found in the tragic stories of many of the workers appearing at the hearings.

The WCB is proposing that the benefit system be changed to overcome these problems. However, under the current system, the adjudicators are in the difficult position of having to make decisions in accordance with a policy that in many instances does not meet the needs of the injured worker or the basic principles of workers' compensation.

The current rehabilitation policy of the WCB also creates difficulties for the adjudicator. As indicated in Section 4.2, comprehensive rehabilitation programmes through either Vocational Rehabilitation or the Rehabilitation Centre are seriously delayed because of insufficient resources. As a consequence, rehabilitation is less successful and the injured worker becomes dissatisfied. "Shaping the Future" includes proposals to reorient the rehabilitation process and ensure its implementation at a very early stage.

Current WCB policy permits virtually any decision, no matter how minor, made by an adjudicator to be subject to appeal. For example, an injured worker who is required to travel to Edmonton for a medical examination or to spend time at the Reabilitation Centre can appeal the adjudicator's decision as to whether the travel should be by car, bus or air. Obviously the decisions of major importance such as a permanent partial disability award should be subject to appeal, but appeals on minor issues appear unnecessary. A much less formal and prompt review system should be examined.

In summary, under current conditions, it is virtually impossible for the adjudicator to provide the quality service that all parties advocate. Several of the proposals in "Shaping the Future" would provide a significant improvement. In particular:

1. the early identification of injuries that will require special treatment,
2. a case management system that will ensure co-ordinated treatment,
3. prompt and effective rehabilitation programmes to assist the injured worker, and
4. a compensation system that recognizes loss of earnings.

However, the Task Force does not see these changes as sufficient to solve the current problems. The major deficiencies in resources and the system inadequacies need to be corrected in order to provide quality service. Indeed, it appears to be false economy to restrict the number of adjudicators when this almost certainly leads to longer periods on compensation. The doubling of the average number of compensation days per injury claim appears to confirm this impact.

Indeed, the enormity of the load placed on the relatively small group of adjudicators is most vividly portrayed by the following statistics:

- an average case load of 270 claims per adjudicator,
- total payments in a year of more than $300 million or $4 million per adjudicator,
- average adjudication experience of somewhat more than 12 months,
- limited training,
- because of the heavy case loads, there is no opportunity to meet with the injured worker, and even telephone discussions are avoided,
- archaic working conditions, and
- an inadequate system.

The Task Force fails to see how either the needs of injured workers or employers can be served under these circumstances.

Task Force Recommendations

1. There should be an immediate infusion of resources into claims processing - more adjudicators with more training and more experience, improved processing systems and upgraded working conditions.
2. There should be recognition of the key role played by the adjudicators.
3. The early identification of injuries that will require special treatment,
4. A case management system that will ensure co-ordinated treatment.
5. Prompt and effective rehabilitation programmes to assist the injured worker.
6. A compensation system that recognizes loss of earnings.

4.2 Rehabilitation of Injured Workers

Background

The WCB provides rehabilitation services to injured workers through the Vocational Rehabilitation Department (Voc. Rehab.) or the Rehabilitation Centre (Rehab. Centre). As the names imply, the former is designed to provide guidance and assistance to workers whose injuries will not likely permit them to return to their former occupation and who will, therefore, need to undertake a change in career path. The Rehab. Centre is medically oriented and its programmes are designed to assist injured workers in the healing process and with their return to work. In some cases the worker will have physical or mental impairments, which may require a change in career path, and for them there are the Voc. Rehab. Counsellors located at the Rehab. Centre.

Today, the Claims Adjudicator is responsible for initiating Voc. Rehab.'s involvement in a case. The adjudicator may conclude that, because of the nature of the injury or the progress of the injured worker, he or she will require assistance in obtaining future employment. In some of the cases, the worker requires retraining which can last several months. In the other cases, the assistance is primarily related to job search skills and placement services. An adjunct to the latter service are short term wage supplements that are viewed as on-the-job training.

To carry out these responsibilities, the Voc. Rehab. Department has a complement of:

11	Specialist Rehabilitation Counsellors
38	Rehabilitation Counsellors
8	Rehabilitation Assistants

Counsellors are located at Edmonton, Calgary, Grande Prairie, Lethbridge, Medicine Hat and Red Deer.

In 1987, 2,539 cases were referred to the Voc. Rehab. Department. There was a three month delay from the date of referral from Claims to active assessment by Voc. Rehab.

Admission to the Rehabilitation Centre is primarily at the initiation of the physician treating the injured worker. The objective is to provide co-ordinated healing services that are not available elsewhere. The services include medical assessment, physical therapy, occupational therapy, psychology and work evaluation. A case management process is being developed.

In 1987 there were 1550 admissions to the Centre. Treatment at the Centre was for various injuries, as summarized in Table 2 (shown on the following page), taken from the Centre's 1987 Annual Report.

The average length of stay for rehabilitation patients during the last decade has varied from 33 to 44 days, as shown in Table 3.

TABLE 3
Average Length of Stay
For Rehabilitation Centre Patients
1970 Through 1987

1970	36.0
1971	37.4
1972	37.0
1973	37.1
1974	38.0
1975	39.0
1976	38.0
1977	33.5
1978	32.8
1979	34.4
1980	33.8
1981	34.6
1982	42.5
1983	34.0
1984	32.9
1985	44.1
1986	43.0
1987	38.3

The waiting period for admission to the Centre was reduced from eight weeks at the start of 1987 to two weeks by the end of the year. The Annual Report indicates that "throughout the year the Centre utilized community resources whenever practical and has expanded those contacts."

TABLE 2

NUMBER OF PATIENTS DISCHARGED IN 1987 FROM THE REHABILITATION CENTRE LISTED IN GENERAL DIAGNOSTIC CATEGORIES

GENERAL DIAGNOSIS	# OF PATIENTS DISCHARGED	
Amputations	12	(1 Admission/Discharge)
Burns or Scalds	5	(1 Admission/Discharge)
Contusions	34	(5 Admissions/Discharges)
Crush Injuries	19	(3 Admissions/Discharges)
Dislocations:		
Head, Neck, Trunk	2	(1 Admission/Discharge)
Upper Limb	5	
Lower Limb	20	
Disorders of the Back (excluding dislocations, fractures, sprains)	257	(24 Admissions/Discharges)
Fractures:		
Head, Neck, Trunk	36	(1 Admissions/Discharge)
Upper Limb	56	(11 Admissions/Discharges)
Lower Limb	80	(6 Admissions/Discharges)
Intercranial Injuries	16	(2 Admissions/Discharges)
Joint Disorders	164	(31 Admissions/Discharges)
Nerve Injuries	24	(4 Admissions/Discharges)
Open Wounds:		
Head, Neck, Trunk	5	
Upper Limb	15	
Lower Limb	12	
Sprains & Strains:		
Head, Neck, Trunk	617	(48 Admissions/Discharges)
Upper Limb	73	(13 Admissions/Discharges)
Lower Limb	63	(6 Admissions/Discharges)
Other	35	(1 Admission/Discharge)
	1550	patients discharged less
	158	admissions/discharges
	1392	**PATIENTS TREATED**

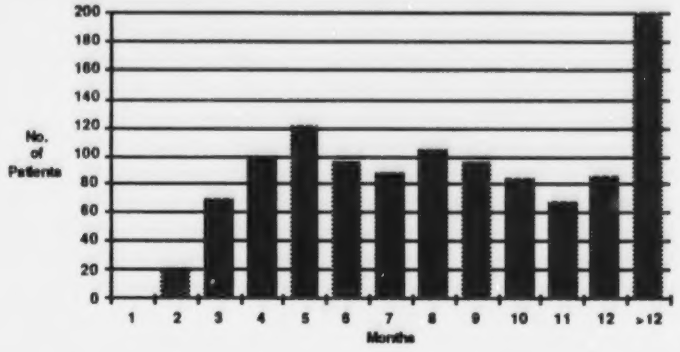


Figure 13: Time Delay Between Date of Accident to Date of Admission to the Rehabilitation Centre

Figure 13 shows the time delay between the date of the worker's accident and the date of admission to the Rehabilitation Centre for the year 1987. For almost one-half of the patients the delay was more than nine months, and for about 30 per cent, the delay exceeded 12 months.

Proposals in "Shaping the Future"

The directional planning team advocates that the focus of the WCB activities be on rehabilitation rather than on compensation. Rehabilitation is defined as "the management of the physical, emotional, social and vocational needs of the injured worker." The team contends that "research has shown that the chances of a successful return to work declines dramatically the longer a worker is away from the job ... (and) ... early intervention ... increases the success of rehabilitation programmes by as much as 50% to 75%."

The major beneficiary of early intervention is seen to be the injured worker.

The specific recommendations in "Shaping the Future" are:

1. The goal of rehabilitation should be employability rather than specific employment. With employability as the goal, injured workers should be entitled to expect that with rehabilitation they would return to at least their pre-accident earning potential.
2. All of the parties (the WCB, employers and injured workers) have a role to play in rehabilitation. The WCB has the key role in initiating the process and providing whatever services are necessary. The injured worker should share the responsibility for his or her rehabilitation, and the WCB "should redouble its efforts to encourage employers to employ injured workers."
3. The process must be well managed, effective and cost efficient.
4. Rehabilitation is especially needed for those workers whose injuries force them out of their pre-accident employment, and the proposed wage-loss compensation system (see Section 4.3) is a necessary adjunct.
5. The WCB should implement an "incentive programme for workers on temporary wage-loss compensation ... (to) encourage additional earnings."
6. Further to recommendation 2., the WCB should make use of community services where feasible and cost effective.

Views of Participants

Injured Workers

Many of the injured workers who made submissions commented on their experience with WCB rehabilitation programmes. Many references were made to the Rehabilitation Centre - particularly by those having back injuries. With only a few exceptions, their comments were unfavorable. Many referred to the Centre's programmes as "a joke" that were of little benefit. In several cases they contended that the exercise programmes actually made their physical condition worse. Many objected to the alleged authoritarian management system at the Centre and the threat of either following the prescribed programme or being "cut off compensation."

Another aspect of the Rehabilitation Centre that caused concern was that, due to the Centre's location in Edmonton, out-of-town patients were required to be away from their families for several weeks at a time with only week-end visits home. Many criticized the job search and placement activities, suggesting that counsellors were not effective in locating suitable employment opportunities. Similarly, re-training programmes were judged to be too restrictive and abandoned before full benefits were obtained. A common theme of many injured workers was employers' actions in either not rehiring injured workers or discharging them shortly after their return. Many also described the problems of finding work with other employers. These kinds of problems appeared especially prevalent in back injury cases.

Trade Unions

Many of the Trade Union submissions referred to the proposed rehabilitation recommendations in "Shaping the Future." A common theme was the belief that the proposals were designed to force the injured worker through the system and thereby get him or her off compensation.

However, there appeared to be general agreement with the concept of effective rehabilitation. For example, the Alberta Federation of Labour stated that "properly defined and implemented, complete rehabilitation implies a many-sided programme." It indicated that it agreed with some specifics of the WCB proposal such as "a strategy to enable and encourage a worker to return to employment...especially as it assigns the Workers' Compensation Board a greater role in accident prevention." It also supported early intervention in the process and stated that "several studies confirm that, for every dollar spent on rehabilitation today, four to seven times that much will be saved in the near future."

The Alberta Federation of Labour contended that the WCB all too frequently "withholds full rehabilitation entitlement for arbitrary, wide-ranging reasons." It considers the operations of the Rehabilitation Centre "far from satisfactory or successful."

The AFL recommended that the Workers' Compensation Act should be amended to provide statutory authority for the WCB to require employers to take back workers who have been injured while in their employ. The AFL stated that "workers want to return to work as soon as possible... (and)...any talk of 'rehabilitation' is meaningless without the legal right to return to work in the work place where the injury occurred." In the Federation's view the current situation places injured workers "in a no-win situation: their former employer may not rehire them; they may be rehired or return to work too early, and suffer re-injury or be laid-off because of the inability to perform the required tasks; or they may find no employer willing to hire them." Accordingly, it recommended that "the legislation be amended to include provision requiring the employer to take back injured workers into a former or reasonable alternate employment consistent with the Quebec model."

With respect to the current system of wage-subsidy schemes, the Alberta Federation of Labour suggested that "far too many...employers...make a practice of getting rid of the worker as soon as the programme ends."

Employers

Submissions from employers and employers' associations generally supported the proposed rehabilitation initiatives. The Industry Task Force recommended that rehabilitation be defined as "those services provided by the Workers' Compensation Board which are targeted at utilizing every means available to return the injured worker to the work place in as timely a fashion as possible." The Industry Task Force contended that the most important contribution "that the Workers' Compensation Board can provide the injured worker is to reduce the time lag between injury, diagnosis, initiation of treatment and rehabilitation," thereby reducing "unnecessary extended periods of pain and suffering."

The Industry Task Force proposed the following programme:

a) adopt and implement an injury profile system that will define long term injuries requiring case management,

b) adopt a plan of action which ensures that rehabilitation starts promptly,

c) identify possible non-visual or less visual problems (e.g. hearing loss),

d) ensure that the employee, the employer and the Workers' Compensation Board have the right to obtain second opinions from health professionals,

e) ensure that the case manager gathers pertinent information,

f) provide the employer with clear in-put as to rehabilitation and treatment,

g) initiate modified work programmes,

h) develop a means to measure the rehabilitation process,

i) improve the Workers' Compensation Board's ability to obtain information from health professionals,

j) use existing regionalized private or public therapeutic clinics,

k) require therapeutic clinics to be a part of a regular reporting process, and

l) actively promote development of support services in the private sector.

The Industry Task Force stated that "employers are willing and able to take injured workers back to work and are already doing this. In the cases where it is not possible for the employee to return to the original employment, most employers are anxious to provide an alternative."

The Industry Task Force disagreed with the extent to which the WCB should be directly providing some of the necessary facilities. For example, it contended that the WCB "should cease being an employment placement agency - there are other agencies more skilled in this area." It also contended that there is "a myriad of social services and mechanisms available to benefit all Albertans in every situation. These services are well funded, well administered and provide capable and efficient services in their area of expertise."

Health Care Professionals

Health care professionals supported the proposal to place increased emphasis on rehabilitation and emphasized the need for a co-ordinated approach. Dr. Markham strongly urged the adoption of legislation similar to that in Quebec, which would require an employer to re-engage an injured worker. He also contended that "occupational health services" should be a "valuable adjunct to rehabilitation."

Views of the Task Force

There was general agreement concerning the need for effective rehabilitation of injured workers and that the process should commence at the earliest possible date. There was also agreement that the objective should be to enable the injured worker to return to the work force as soon as possible.

Current rehabilitation programmes do not meet these objectives in several respects:

1. There are serious delays in the process:
   a) The average time-lag between accident and the initiation of rehabilitation programmes at the Rehabilitation Centre is 9 months. Voc. Rehab. does not receive cases until the healing process is complete, and then there is a 2 to 3 month delay before rehabilitation can commence. Both intervals are far too long.
   b) The delay is partly due to the sequential processing of injury claims whereby the file moves from one review to another, rather than being subject to simultaneous review by several departments such as claims, medical and rehabilitation.
   c) The delay in Vocational Rehabilitation is exacerbated by an insufficient number of counsellors.
2. The linkage between Vocational Rehabilitation and the Rehab. Centre appears inadequate.
3. There appears to be too little involvement by the health care professionals and the employer in the process.

Would the proposals outlined in "Shaping the Future" correct these deficiencies?

1. Adoption of the proposed case management system with early identification of suitable cases are necessary first steps. The recommendations of the Industry Task Force provide useful details, including the co-ordination of health care professionals and the employer.
2. Unless the proposal is adequately supported by well-trained staff operating under well-defined policies and in a co-ordinated manner within the WCB, the objectives will not be met.
3. There are likely to be many cases where rehabilitation is dependant on solving medical problems. This can be expected to apply particularly to back injuries, which present unique and difficult problems.

Should the proposal be modified to incorporate recommendations made by some participants?

1. Amendment of the legislation to require an employer to take back an injured employee.

   Legislation in Quebec and New Brunswick requires an employer (subject to certain conditions) to continue to employ an injured worker after his or her injury has been healed. Similar legislative changes have been recommended for Manitoba and have been announced for Ontario.

   The Task Force believes that an employer has a responsibility to take back injured workers, but recognizes in some instances, particularly for small employers, that this may not be practical, depending on the nature of the injury and other factors. Many employers indicated agreement with this responsibility and reported that they were operating on this basis. On the other hand, several injured workers reported that their experiences indicated the opposite. Workers' Compensation Board records do not provide data on the extent to which injured workers return to work for their pre-accident employer. However, we know that the vast majority of claims are for relatively short duration, and therefore this issue has significance for a relatively small portion of lost time claims, and particularly for the more serious cases.

   Even where legislation has been enacted there are major exceptions - primarily in the case of small employers and construction-type employment. At this time there does not appear to be any means of judging the need and benefits from proceeding with such legislation in Alberta. Under the programme proposed in "Shaping the Future," the pre-accident employer would be involved in the rehabilitation process, and it will become readily apparent if there is a need for such legislation.

2. Restrict some of the services currently provided by the WCB and proposed for the new system.

   There appears to be general agreement that the WCB should draw upon the services available in local areas in order to minimize disruption for the injured workers. The Industry Task Force contends that some activities such as job placement could be done more efficiently by already established agencies. However, that separation would have a negative impact on the proposed co-ordinated approach. Once again, it appears that operation of the new system, with involvement by the employer, will quickly show any deficiencies in the system.

Task Force Recommendations

1. **The current delays in rehabilitation need to be eliminated.**

2. **The linkage between Vocational Rehabilitation and the Rehab. Centre needs to be reviewed and strengthened.**

3. **Employers and health care professionals need to be involved in the rehabilitation process.**

4. **The case management system proposed in "Shaping the Future" should be implemented as soon as possible with the required staff.**

4.3 Compensating Injured Workers

Background

Workers' Compensation in Alberta is intended to provide protection for the injured worker in three ways:

a) by providing for treatment for the worker and maintenance of earnings during the healing period for a work related injury and, through rehabilitation, a return to work as soon as possible,

b) by compensating for any permanent impairment arising out of a work related injury after there has been full treatment of the injury, and

c) by providing compensation to a worker's survivors in those tragic circumstances where a worker has been killed.

Determining the appropriate compensation under each of these circumstances requires consideration of different factors.

Compensation While Worker on Treatment

For the injured worker still receiving treatment, the most important considerations are ensuring that medical and other treatment costs are covered and that his or her earnings are generally maintained until he or she is able to return to work.

The payments made during this phase are called Temporary Total Disability (TTD) pensions because they apply only during the period of treatment and are based on the assumption that the worker is totally disabled during treatment.

Temporary Total Disability payments in 1987 were $47.2 million, and an additional $78.5 million was allocated for expected future TTD payments for 1987 accidents. The total of $125.7 million represents 41 per cent of the total 1987 costs.

Temporary Total Disability costs have increased dramatically over the last decade - from about $30 million in 1978 to the current $126 million. Three factors account for the increase - inflation in wage rates, an almost doubling in the average number of days on compensation per accident claim, and the increase in maximum annual earnings from $22,000 to $40,000 made in 1982.

The most significant factor is the increase in the average number of compensation days per claim, which increased from 27 days in 1978 to 58 days in 1986 and then declined to 50 days in 1987. There is no simple explanation for this

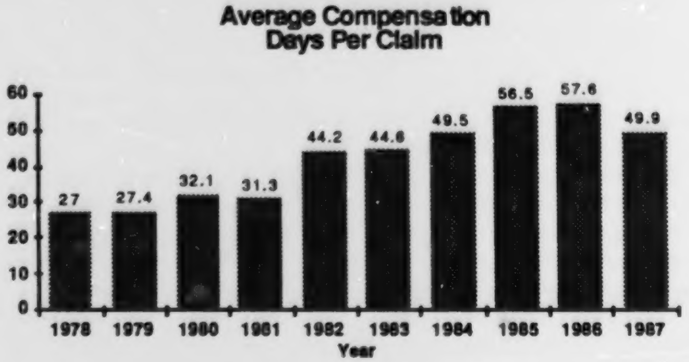


Figure 6: Average Compensation Days per Time Lost Claim 1978-1987

increase, but as shown in Figure 6, a major change occurred in 1982 with the downturn in the economy. As indicated in the previous sections, delays in the processing of claims due to staff shortages have also contributed to the increase. Additionally, there is a gradual shift in the distribution of compensation days. Figure 14 (pg. 38) shows that earlier injuries are accounting for an increasing percentage of the total compensation days paid in a year.

Compensation for Permanent Impairment

Determining the appropriate compensation that should be paid to those workers who have suffered a permanent impairment from their work-related accident has been, and still is, a matter of considerable debate. Historically, the issue was whether impairments should be considered on an average or an individual basis. Expressed another way, should the effect of an injury be related to the specific circumstances of each affected worker, or should it be judged on how it would be expected to affect the average worker in the whole population? The latter approach offered significant administrative advantages in the early years and therefore was adopted.

Relating impairments to a so-called average worker has evolved over the years and today is relatively refined. An impairment schedule permits adjudicators to assign an impairment factor for a wide range of injuries. That average impairment factor can then be applied to the worker's pre-accident earnings rate to determine the appropriate Permanent Disability Pension. The resultant answer is assumed to more or less reflect the impact of the impairment on the worker's earning capability.

However, during the last decade or so, the assumed disability system has come under increasing criticism. The average or assumed disability for some impairments does not provide a reasonable answer. For example, some back injuries result in the worker being virtually unable to work, while others have a much less serious impact, and the worker is able to return to his or her pre-accident employment and earnings. Both kinds of cases receive similar Partial Disability Pensions (usually 5 to 15 per cent), but in those cases where the worker is virtually unable to work, it results in a pension that is substantially less than the reduction in earnings. In other circumstances, it provides an income bonus.

Since the basic objective of workers' compensation is to protect the earnings of workers from the impact of injury, it is unsatisfactory to grant a 15 per cent pension award when the worker cannot resume work. This situation led Compensation Boards to grant supplementary allowances in order to "top up" the average award when it was inadequate. The Alberta Statute provides for supplementary payments in Sections 59 and 60.

Other aspects of the assumed disability system were questioned. Does the impairment chart with all its refinements result in workers receiving a disability pension when they are not permanently impaired? Is the assumed disability much greater than the actual disability? Does the assumed disability actually have an impact on earning capacity? Is the Partial Disability Pension intended to only reflect loss in earning capacity, or should consideration be given to any impact on a person's lifestyle?

While these questions were being raised, the cost of providing permanent disability pensions continued to escalate. In Alberta they increased to $96.6 million in 1987. Currently they account for 36 per cent of claims costs, or 32 per cent of total costs. The major reasons for the increase over the last decade are inflation, increased rate of pension awards and increased maximum earnings.

Compensation for a Worker's Survivors

Current WCB policy covers a variety of situations. The following summarizes the policy for a dependent spouse and dependent children.

01 Where a deceased worker is survived by a dependent spouse and a dependent child or dependent children, compensation is payable to the dependent spouse,

(a) until the youngest dependent child reaches 18 years of age, in the form of a pension equal to the rate of compensation to which

the worker would have been entitled had the accident resulted in permanent total disability, and

(b) *if gainfully employed when the youngest dependent child reaches 18 years of age, in the form of a reducing 5-year term pension in an amount equal to:*

   (i) *for the 1st 12-month period, the full pension,*

   (ii) *for the 2nd 12-month period, 80% of the full pension,*

   (iii) *for the 3rd 12-month period, 60% of the full pension,*

   (iv) *for the 4th 12-month period, 40% of the full pension,*

   (v) *for the 5th 12-month period, 20% of the full pension.*

02 *Where the dependent spouse of a deceased worker is not gainfully employed when the youngest dependent child reaches 18 years of age, the Board may pay to the dependent spouse a pension equal to the rate of compensation to which the worker would have been entitled had the accident resulted in permanent total disability, until,*

(a) *the dependent spouse becomes gainfully employed, or*

(b) *the expiration of a period of 60 months after the month in which the youngest dependent child reaches the age of 18 years, whichever comes first, at which time a reducing 5-year term pension is payable to the dependent spouse in the amounts specified in 01(b) above on and from the month following the month in which the dependent spouse becomes gainfully employed or the 60 month period terminates.*

03 *If, during the 60 month period referred to in 02(b) above, a dependent spouse, who in the opinion of the Board is capable of gainful employment, neglects or refuses to accept vocational rehabilitation services under Section 83(1) of the Act, the payment of the pension prescribed under 02 shall cease and, in the month following the month in which the neglect or refusal occurs, be replaced by a reducing 5-year term pension in amounts equal to those specified in 01(b).*

Proposals in "Shaping the Future"

The WCB does not propose any changes in rate of compensation paid while the injured worker is receiving treatment. The recommendation for a case management system would make the system more effective and permit the worker to return to work more quickly. That, in turn, would reduce total compensation costs.

The WCB recommends a major change in the determination of permanent disability pensions. Instead of the current system of basing a Partial Disability Pension on an average or assumed disability, it would be based on the specific factors relating to each case. Additionally, it recommends that the impact of the injury be judged solely on its effect on the worker's earning capacity. The impact on earning capacity would be assessed only after the worker had completed all of his or her treatment and rehabilitation.

Under this wage loss system, Partial Disability Pensions would be granted to compensate the worker for loss in earning capacity due to the work-related injury. The WCB proposes that the determination of wage loss would be a "one time determination" and then the file would be closed. However, the Board also recommends that "entitlement should be open to review at the request of the worker." Payments would continue until age 65, assuming that 65 remains the normal retirement age.

For death benefits, the WCB recommends several changes:

- Dependant widows should receive "a percentage of the ongoing wage loss compensation and continue until the deceased worker would have turned 65, provided 65 remains the normal retirement age."
- "A portion of the spousal benefits should be set aside to provide a private life annuity which would be paid when the deceased worker would have turned 65."
- "In the event of remarriage, a settlement should be paid."

- "The current death benefit should be increased to a level which allows it to pay for reasonable funeral expenses."

Views of the Participants

Injured Workers

Most injured workers did not comment on these matters. Of those who did, some supported the proposed wage-loss system, but a few opposed it.

Trade Unions

Trade unions were generally opposed to wage loss. The Alberta Federation of Labour submission, while indicating some reservations about a wage-loss system, concluded "We recommend the adoption of a two part compensation system - a lump sum which recognizes impairment to the maximum amount of $50,000, and a prospective wage loss pension which will recognize the disability caused by the impairment. The rating of the impairment portion of the two part system to be based upon the American Medical Association Guides, rather than the existing Board rating schedule. The pension portion of the award to have an indexing feature and be payable to normal retirement age. In addition, lost retirement income to be replaced through provisions for an annuity."

Employers

Generally employers and employer associations support the WCB proposal to adopt a wage-loss method of determinng permanent disability pensions. The Industry Task Force had some reservations about immediate conversion to a new system. It advised it was "prepared to give wage loss conditional acceptance to the extent that it should be thoroughly reviewed and assessed...(and)...to avoid facing problems that arise from a wholesale change, any move to wage loss should be undertaken as a pilot project and then integrated into the system over a period of time, say five years."

The Industry Task Force agreed that "compensable accident" should be defined, and proposed it be defined as "directly arising out of or during the course of employment in an industry covered by the Act."

The Industry Task Force proposed that "the WCB's approach to dependency benefits...be the same as any other insurance company." It contended that the current system is "unnecessarily complicated, often unfair and poorly handled." More specifically, it recommended:

- *a surviving spouse should receive a set lump sum payment,*
- *remarriage should not be a factor in any settlement,*
- *the WCB should not be a money manager.*

Views of the Task Force

Compensation While the Worker is on Treatment

The current system which compensates for loss of wages while the injured worker is undergoing treatment appears to be satisfactory.

Compensation for Permanent Impairment

A variety of views were expressed at the public meetings and appear in the literature respecting how permanent impairments should be defined and compensated. Perhaps the most effective way of addressing these matters is to pose a series of questions.

1. *Should the compensation system be based on an average or assumed effect of an injury, or should it be based on the actual effects in each case?*

Experience over several decades has indicated problems with assuming that certain kinds of injury will have certain kinds of effect. In fact, experience shows that the same kind of injury can have dramatically different effects for different people and different circumstances. This is perhaps best illustrated with back injuries and borne out by the injured workers appearing at the public meetings. Many of them appeared to be virtually unable to work, but were receiving a Partial Disability Pension that was only a fraction of a total disability pension or were not receiving any pension. Consequently, they had suffered economic difficulties and many were on social assistance. For them, the assumed disability system has failed to provide compensation compatible with the objectives of workers compensation.

Indeed, the inadequacies of the assumed disability system are confirmed by the recognized need for wage loss supplements to "top up" Partial Disability Pensions where there is a significant loss of earnings.

But, the discrepancy between assumed and actual effects has another effect - it actually provides windfall benefits for some workers. Several examples were provided at the hearings where a worker received a Partial Disability Pension for an injury which had had no impact on earnings and little, if any, impact on his or her quality of life. Four such cases are summarized in Appendix C.

In summary, the assumed disability system is too imprecise to properly assess the effect of an injury on the worker. Acceptable answers can only be achieved by considering the specific circumstances that apply to each case.

2. *Should the compensation be based only on the effect the injury has on earnings, or should it also be based on the effects it has on the worker's quality of life?*

While workers' compensation was designed to protect against the loss of earnings due to work-related injuries, it is difficult to see how one can restrict a disability award to only earnings considerations. One of the persons appearing at the Calgary meetings had lost both legs in an industrial explosion, but had been able to continue his professional career with his pre-accident employer. While he had more or less maintained his earnings, his injuries have obviously had a major impact on his lifestyle.

Other kinds of injuries also have traumatic effects on the injured persons and their families. Consider the paraplegic who will be confined to a wheelchair for the rest of his or her life, or the burn victim who is left with serious disfigurement.

It appears unreasonable to exclude consideration of the effects of injuries on the quality of a person's life. That conclusion is consistent with the decision made in other jurisdictions that have converted to a wage loss system. They have adopted a dual award system that considers both the effect on earnings and the effect on lifestyle.

3. *Should the basis for the earnings award be the same as for the quality-of-life award, or should they be different?*

Since the factors affecting each award are so different, each should be determined on the basis of appropriate factors. The earnings award requires a comparison of pre- and post-injury earnings. The quality-of-life award could be based on a general impairment schedule such as the current schedules, if deemed suitable, or the American Medical Association Guides. However, it is important that the impairment being measured constitute a real disability and clearly has an impact on lifestyle.

There are two additional questions respecting the quality-of-life award - should it be paid in a pension or a lump sum, and how large should it be? Other jurisdictions have already faced these decisions, and each has selected the lump-sum alternative. The maximum award varies by jurisdiction:

Saskatchewan	$22,000
Quebec	$52,000
Ontario	$65,000

The Alberta Federation of Labour proposed a maximum award of $50,000 which, in the opinion of the Task Force, appears reasonable.

The WCB recommended that the wage loss awards should terminate at 65, assuming it remains the normal retirement age. Almost all parties supported that position.

The WCB also recommended that there be a "one time determination" of wage loss. Many participants questioned this recommendation and suggested that there be more than one determination, but not many. The Task Force believes a "one time determination" is too restrictive and recommends provision for a second review.

Compensation for Survivors

The matter of survivors' benefits was not discussed at any length at the meetings or in the submissions. The Industry Task Force proposals are simple and have a natural appeal. However, in view of the limited discussion and the sensitivity of this issue, this Task Force has decided not to make a firm recommendation as to any specific plan. Instead, this issue should be addressed by a special committee of major interested parties.

Task Force Recommendations

1. **The current system cannot accommodate the wide range of individual circumstances and, consequently, it either under-compensates or over-compensates.**

2. **In addition to the WCB proposal to compensate for loss of earnings, there should be a lump sum payment for those injuries that result in permanent impairments that affect the worker's quality of life. The AFL proposal of a maximum lump sum payment for total impairment of $50,000 appears reasonable.**

3. **The Task Force does not agree with the proposed one time determination of wage loss.**

4. **Steps should be taken to ensure that injured workers do not lose out on unemployment insurance or Canada Pension Plan benefits as apparently occurs today.**

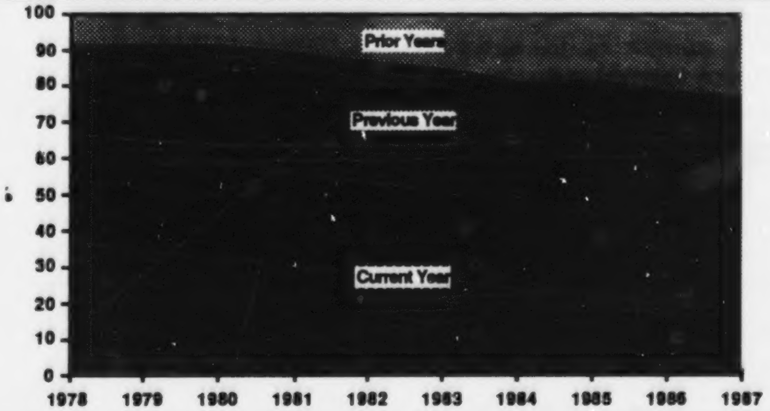


Figure 14: Percent of Annual Compensation Days That Relate to the Current and Prior Years 1978-1980

4.4 Appeals and Decisions

Background

A fundamental feature of WCB operations is the provision that decisions made by adjudicators respecting injury claims are appealable.

The first level of appeal is to the Claims Services Review Committee. The Workers' Compensation Act specifies that "the Board shall cause the record of the claim to be reviewed by a Claims Services Review committee appointed by the Board."

A second level of appeal is to the Board. Section 41 of the Act provides:

> (1) *If an interested party is dissatisfied with a decision of the Claims Services Review Committee, he may appeal to members of the Board in accordance with the regulations.*
>
> (2) *In considering an appeal from a decision of the Claims Services Review Committee, the members of the Board shall consider the records of the claims adjudicator and the Review Committee relating to the claim and shall give all interested parties an opportunity to be heard and to present any new additional evidence.*

The most common reasons for appeal arise out of decisions that:

- discontinue compensation because the worker is judged capable of returning to work - frequently qualified as "suitable work,"
- rule that an injury or a disease is not compensable because it did not occur at work or is not related to work, or
- award a permanent partial disability that is judged by the worker to be too low.

There are many other causes for appeal. Occasionally an employer will appeal because the adjudicator's decision is judged to be too generous.

The number of appeals to the Claims Services Review Committee have varied widely. Table 3 summarizes the completed appeals, those unchanged and those changed.

Appeals respecting injury claims to the Board following decisions by the Claims Services Review Committee are summarized in Table 4.

Proposals in "Shaping the Future"

The WCB discussion paper proposes that:

1. appeals should remain an internal process,
2. appeal decisions should be:
   - fully documented according to established criteria
   - include explicit reasons for the decision
   - be published,
3. the right to appeal to the first level of appeal should remain unchanged,
4. for an appeal to be heard by the final level of appeal there should be an acceptable reason for appeal and not just dissatisfaction with a judgement,
5. a time limit for filing an appeal should be established.

Views of the Participants

Injured Workers

Many of the injured workers expressed extreme dissatisfaction with the long delays in the appeal process. Frequently their appeal related to the adjudicator's ruling that the worker was capable of "suitable employment" and the consequent cessation of benefits. In many cases they contended that they were unable to return to work and that the discontinuance of benefits caused serious financial problems for them and their families.

Their appeal to the Claims Services Review Committee frequently took several months before a decision was received.

If the appeal was not successful and they then appealed to the Board, their case could take a year or more before decision. While this process was underway they were not receiving any benefits, but had hopes that their next step would be successful.

TABLE 3

Appeals Completed by the Claims Services Review Committee

	Completed Appeals	Unchanged	%	Changed	%
1981	552	368	67	184	33
1982	1002	662	66	340	34
1983	1223	920	75	303	25
1984	1419	916	65	503	35
1985	1272	663	52	609	48
1986	860	495	58	365	42
1987	1559	1014	65	545	35
Average	**1127**	**720**	**64**	**407**	**36**

TABLE 4

Appeals to the Board

	Appeals	Unchanged	%	Changed	%
1983	281	197	70	84	30
1984	537	328	61	209	39
1985	628	358	57	270	43
1986	472*	302	64	170	36
1987	365*	215	59	150	41
Average	**457**	**280**	**61**	**177**	**39**

* includes assessment appeals

The combination of pain and suffering from an injury with a long healing period, not agreeing with the original adjudicator's ruling of being fit for work, not receiving compensation and the long term of uncertainty through the appeal process has had a major, if not devastating, effect on many injured workers and their families. The full impact is indicated in the results of the survey shown in Appendix A.

The fact that a substantial number of appeals are successful at each of the two levels convinces them that the adjudicators were not doing their job properly, and did not care, or were not sensitive to the needs of the injured worker.

Trade Unions

Most of the trade unions opposed several of the WCB appeal proposals. They contended that the final appeal process should be to a separate appeal body so as to provide an independent assessment of each case.

They strongly opposed the proposal to limit appeals to the final body to those that demonstrate "an acceptable reason for appeal."

Similarly, they opposed the imposition of a time limit on the filing of an appeal.

Employers

Most of the employers agreed with the WCB proposals. However, the Canadian Federation of Independent Business and some of its members strongly disagreed with the new Appeal Commission as provided for in the Workers' Compensation Amendment Act, 1988 (Bill 30).

Views of the Task Force

Clearly there is a mixture of views respecting the kind of appeal body that best meets the needs of all parties. The Appeal Commission provided for in Bill 30 appears to be in the middle between a completely independent body and the current arrangement. Therefore, it has some of the advantages of each alternative and appears to be a reasonable solution. In any event, that is a matter that is for the government to decide, and it is aware of the views of the various parties.

The Task Force fully supports the proposal to have appeal decisions made public, with the reasons for the decisions being explicit and fully documented. These are essential ingredients of a fair and open system.

The current appeal system results in long delays for an injured worker whose future life may be dependant on the outcome of the process. At the present time there is a waiting period of about three months for appeals to the Claims Services Review Committee. Workers whose appeal is denied frequently wish to take their case to the Board, and today there is a waiting period of almost a year for appeals to the Board. Thus, there is probably an interval of close to eighteen months from the time a worker receives an adjudicator's decision on a matter that has a vital effect on his or her life, until the final outcome of the appeal process is known. The Task Force believes that this is unacceptable and does not meet the test of fair treatment for the injured worker.

The Task Force is pleased with, and fully supports, the October 27th announcement by the Honourable Dr. Ian Reid that action will be taken to clear the current backlog of appeals by the end of March, l989.

The Task Force questions whether the current two-stage appeal process is appropriate, even if the delay could be eliminated. The process is duplicative in many instances and simply delays the final outcome.

Table 5 relates appeals to the Claims Services Review Committee and to the Board. More particularly, it examines those appeals to the Claims Services Review Committee which are not changed and therefore prime candidates for appeal to the Board. There is a time lag in the appeals, and the Task Force has assumed that where the Claims Services Review Committee has not changed the original adjudicator's decision, the case would not be considered by the Board until the following year. The table indicates that about three-quarters of the appeals denied by the Claims Services Review Committee are subsequently appealed to the Board. In those cases (about 50 per cent of claims appeals), the injured worker is forced to go through two appeals and wait for an extended period to find an answer to an issue that is probably having a major impact on his or her life.

TABLE 5

Relationship Between Appeals to the Claims Services Review Committee and to the Board

Assumed that appeals to the Board lag the decisions by the Claims Services Review Committee by one year and, therefore, the denials by the Claims Services Review Committee may become appeals to the Board the following year.

Appeals to Claims Services Review Committee				Appeals to the Board				Total Decisions Changed	
Year	Total	Changed	Unchanged	Year	Total	%*	Changed	Total	%
1982	1002	340	662	1983	281	42	84	424	42
1983	1223	303	920	1984	537	58	209	512	42
1984	1419	503	916	1985	668	69	270	773	54
1985	1272	609	663	1986	472	72	170	779	61
1986	860	365	495	1987	363	74	150	515	60
1987	1559	545	1014	1988	850E	84			

*Percent of unchanged appeals by the Claims Services Review Committee that are appealed to the Board.

Not only does that not meet the test of fair treatment to the injured worker, it is not cost effective.

The Task Force must also comment on the magnitude of the changes made to the adjudicators' original decisions by the Claims Services Review Committee and the Board.

On average, the Claims Services Review Committee reverses or modifies 36 per cent of appeals made from adjudicators' decisions. The fact that adjudicators rarely meet with an appellant, whereas the appellant is almost always present for the Claims Services Review Committee hearing, probably explains many of the changes. However, the fact that the Board reverses or modifies an average of 39 per cent of the denials made by the Claims Services Review Committee appears astonishing. The Task Force assumes that all of the parties, the adjudicators, the Claims Services Review Committee and the Board, are operating under the same policies and are subject to the same legislation.

This feature of WCB operations causes many problems. Injured workers interpret the changes made by the appeal bodies as a sign that the adjudicators are interpreting policy incorrectly, that adjudicators are unsympathetic to injured workers and are not being fair in their decisions. As a consequence, injured workers assume that they will have to fight the WCB to get fair treatment.

Employers appear to interpret the changes to mean that the Claims Services Review Committee and the Board are biased in favour of the injured worker and that the Board is not being cost effective or consistent.

Adjudicators view the sixty per cent change in their decisions that are appealed in several ways. They assume that the Claims Services Review Committee and the Board are not following established policies. This leads adjudicators to not only question current policy, but influences their own future decisions. The adjudicators are also left to question their own judgement since the Claims Services Review Committee and the Board rarely inform them of the reasons for an appeal decision. All of these factors have a negative impact on staff morale.

The Task Force believes that the high turnover rate in appeals requires careful review. One obvious remedy would be to increase communications between the various levels of decision making - the claims adjudicators, the Claims Services Review Committee and the Board. There are bound to be differences in interpretation, but when the differences reach such a high level, it is time that they be discussed by all those involved.

The Task Force also recommends a change in the basic appeals system and that there be only one level of appeal to the Appeals Commission established under Bill 30. Such a change might require an amendment to the Workers' Compensation Act.

Currently the WCB does not appear to have an effective review or complaint system. Consequently, complaints about adjudicators' decisions usually take the relatively formal and time consuming appeal process. The Task Force believes that it would be advantageous to establish a complaint review system which would permit a small group of senior and experienced staff to investigate complaints and suggest changes to an adjudicator's decision, where deemed appropriate. If changes are not considered appropriate, or if a recommended change is not considered suitable, then those affected would have recourse to an appeal to the Appeals Commission.

If the Task Force's recommendation concerning the appeal process is accepted, then the existing Claims Services Review Committee could effectively fill the role of the complaint review outlined above. This would avoid a duplicate appeal process and provide a review system at no additional cost.

The Task Force has recommended a one-level appeal system, but if this recommendation is not adopted, the Task Force would not support the recommendations in "Shaping the Future" that all appeals to the Board (Appeal Commission) should have "an acceptable reason for appeal." Such a condition would only provide a source of future complaint and conflict if adopted. Furthermore, any denial to have one's case heard at that level implies bias or unfairness. The Task Force expects that such a proposal would lead to and indeed force workers to draw on outside sources such as lawyers and advocates, thereby increasing costs.

Task Force Recommendations

1. **Agrees with an internal appeals process and that reasons for decisions be required.**
2. **Recommends that the current two-level appeal system be replaced by a single appeal to the new Appeals Commission.**
3. **Recommends that a complaint/review system be implemented to provide an informal mechanism for investigating complaints.**
4. **Does it agree with the proposal to require an "acceptable reason" and a time limit for appeals to the Board.**

4.5 Funding and Assessments

Background

The cost of the WCB's operations in Alberta has increased from $117.6 million in 1978 to $307.5 million in 1987 (the peak was in 1986 at $344.2 million) on a fully funded basis. "Fully funded" means that all of the future costs expected to be incurred for a year's injury claims are estimated and included in the new financial accounts for that fiscal year and that reserves are provided to pay for those future costs. Because future costs can only be estimated, there are periodic adjustments to the original estimates.

Figure 7 shows that the change in full-funded costs occured from 1978 to 1982, and that in the subsequent five years, total costs remained more or less constant in current dollars and declined when converted to constant 1978 dollars. A similar situation is shown in Figures 8 and 9 respecting average cost per worker and average cost per lost time injury claim.

Compensation Boards have historically followed the practice of full funding because it provides:

a) equity among employers over time - the current generation of employers pays for current accidents,

b) assurance that there will be funds available to pay future obligations - impairment disability pensions are commitments by the WCB for decades into the future,

c) financial incentives to employers to reduce accidents, and also

d) assistance in stabilizing assessment rates - if current assessment rates do not fully cover future commitments, then future assessment rates will have to be increased to allow for past accidents and awards.

The Alberta Workers' Compensation Board followed the full funding philosophy until the early 1980's. The 1979 annual report indicates that sufficient revenues were available to meet all future expected costs (primarily disability pension payments). However, during the 1980's, the full funding principle has been discarded because of the government's concerns about rising claims costs and their effect on employers' assessments at a time when industry was experiencing severe financial effects from a recession.

In June 1982, the Minister responsible for the WCB directed the Board to roll back the annual increases in 1982 rates. The revised 1982 rates limited increases to 15 per cent for rates in excess of $5.00 per $100 dollars of assessable payroll. In 1983, the Minister directed the Board to limit increases to 15 per cent and to reinstate full merit rebates which had been either suspended or restricted.

There had been restrictions on rates in subsequent years with the result that there were no rate increases during the next four years. Rate decreases were granted to industries that qualified, which further increased the losses in the WCB operations. In 1986, merit rebates and super assessments were discontinued, and this action caused a major drain on the Board's resources.

In 1987, approval was obtained for a 5 per cent increase; however, because some industry rates were already too high, the net increase was only 3 per cent.

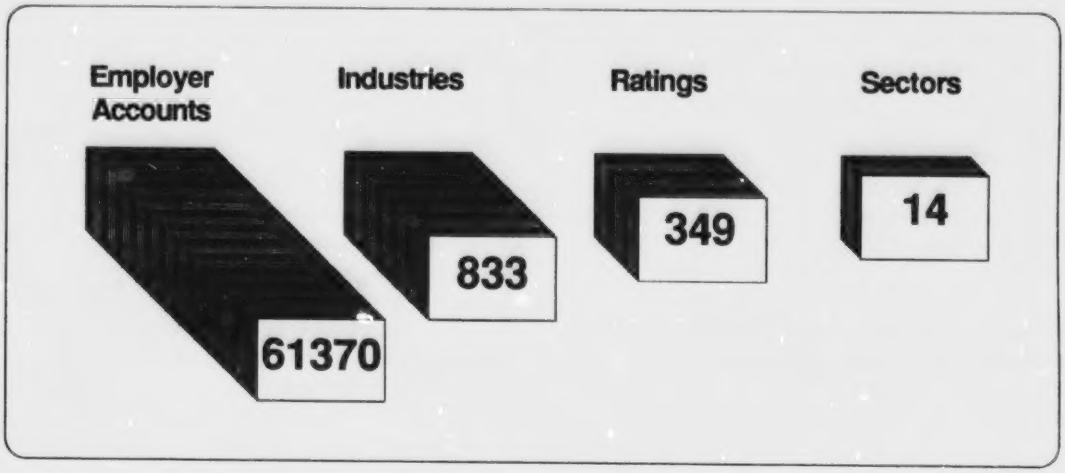
The restrictions on rate increases have caused a shortfall in revenues and an increasing unfunded liability. The 1987 annual report indicates an unfunded liability of $360.7 million, or 21.1 per cent of estimated future liabilities.

Currently, assessment revenues are about 20 per cent less than required to meet the full funding criterion. Consequently, the unfunded liability will be significantly greater by the end of 1988 and will continue to increase until annual costs and revenues are in balance.

The WCB is required to establish assessment rates for all employers covered by the programme. Traditionally, the Board has followed normal insurance practices by recognizing that all employers do not have the same risk of accidents and therefore should not pay the same rate for coverage. Those employers that have the higher risks and higher accidents are required to contribute proportionally greater amounts so as to cover the additional costs.

The WCB has developed a system of classifying employers into industries that have similar risk characteristics. Currently there are 833 industry classifications.

For the purpose of rate setting, these 833 industries are grouped into 349 rating units which have generally comparable accident hazards. The rating units are then consolidated into 14 sectors which roughly follow the economic divisions used by Statistics Canada.



In summary, the 61,370 employer accounts are classified into:

833 industries
349 rating units
14 sectors

Assessments rates are set by the WCB:

1. estimating the cost of its future injury claims.
2. determining the base assessment rate for each of the 349 rating units.

   The base rate for each unit is calculated by:

   a) relating the expected accident costs for the next year to the estimated payroll. Estimates of future accident costs are based on actual performance over the last 10 years, and
   b) allowing for administrative and other costs that are not directly related to accidents.

Applying the 349 basic rates to their respective industry payrolls results in a total assessment approximately equal to the revenue required to cover estimated costs of accidents. This theoretical balancing of revenues and costs may not be actually achieved, because accident costs may turn out to be different than predicted and there may be variations in the assessable payroll.

In recent years, several WCB's in Canada have adopted a further refinement in the assessment process. It is called "experience rating" and was introduced as a means of improving equity between employers and providing incentives to reduce accidents. Just as the determination of industry base rates have regard for the variation in accident costs of the 349 units, so does the experience rating factor have regard for the variation in accident costs for the employers within each industry.

The experience rate for a single employer is determined by comparing that employer's accident cost record with the average record for the industry. If the record is better, then the base rate is adjusted downwards, whereas if the record is worse, then the base rate is increased. In order to limit the swings in rates which might occur from year to year, the WCB has imposed limits on both the reductions and increases that can occur to the base rate. Additionally, in 1987, the WCB adopted a special provision respecting the smaller employers.

Proposals in "Shaping the Future"

The WCB expressed concern about the increasing unfunded liability and recommended a return to a full funding policy. It concluded that these funds should come solely from employers, "as long as their protection from suit continues and benefit provisions are not greatly increased."

It stated that "assessment rates should be determined and implemented by the Workers' Compensation Board without government intervention."

Additionally, it proposed that the WCB "establish a fund for dealing with 'unknowns,' such as diseases or injuries which are not currently recognized."

In commenting on the current assessment system, the WCB stated that its "pursuit of fairness and equity has led to an overly complex system which is difficult to understand, difficult to administer and difficult to explain." It contends that the assessment system should be simplified and recommends that "the number of categories within the existing classification system should be reduced significantly."

It also proposed that there be universal industry coverage and that there should be compulsory coverage of "directors, employees, partners and proprietors."

In the Board's view, the WCB jurisdiction should only apply to workers resident in Alberta.

Views of Participants

Injured Workers

Only a few individuals commented on these matters, but those who did generally supported the WCB proposals for full funding. A few individuals proposed that employees also contribute to the WCB costs, thereby giving them a stake in accident prevention and in obtaining improved service.

Trades Unions

Trade Unions supported the full funding concept and were critical of any government intervention that interfered with the rate setting process. The Alberta Federation of Labour stated the "employers should bear the full cost of the system" and took the position that "the accounts of the Board must be balanced by bringing revenues into line with expenditures, not vice versa." In the Federation's view, "the Workers' Compensation Board in Alberta is faced with a financial crisis caused by deliberate government policy to keep assessment rates artificially low, thereby impoverishing the Board."

The AFL described the WCB system as requiring employers "to contribute to an accident fund, according to a rate established for their industrial class; ... set according to the actual cost experience for that class, and assessments of costs that may occur in the future."

Notwithstanding these views, the AFL and its members are unalterably opposed to experience rating in the establishment of assessment rates for individual employers. Rather than leading to improved working conditions, the AFL predicts experience rating would

a) discourage workers from making claims,

b) promote "gimmick" safety programmes, e.g. competitions to reduce claims,

c) keep injured workers on the payroll doing nothing or performing "light duties,"

d) press claimants to report for work too soon or press the attending physicians to certify a claimant fit for "light work," even though no such works exists.

The AFL concluded by saying that experience rating "simply does not work." Instead, it proposed other methods of reducing accidents which are discussed in Section V.

Employers

In general, employers agreed with the concept of full funding, but usually had reservations about how and when the unfunded liability should be eliminated. One exception to this trend was the Canadian Association of Oil Well Drilling Contractors, which argued that current funding (i.e. current payments are covered by current assessment and no allowance is made for future commitments) is a preferred alternative.

The Industry Task Force on Workers' Compensation in Alberta agreed with the concept of full funding, but contended that "the unfunded liability... is the making of the current government and is their full responsibility." It went on to describe what it saw as the sequence of events leading up to the unfunded liability:

> *Prior to 1980, the Workers' Compensation Board paid for medical aid for injured workers.*
>
> 1980 *The Select Special Committee on the Workers' Compensation Act recommended that the Alberta Health Care Insurance Plan assume responsibility for payment of medical aid.*
>
> 1981 *The Workers' Compensation Board implemented the recommendation. The $40,000 ceiling on assessable earnings was in the Act. This was very high for the time. The cost to employers was to be offset by the Alberta Health Care Insurance Plan picking up medical costs (about $38 million).*
>
> 1983 *The Minister responsible for the Alberta Health Care Insurance Plan (the Honourable Dave Russell) was surprised to discover that the Workers' Compensation Board would not be reimbursing the Alberta Health Care Insurance Plan for 1982 medical costs. The Cabinet decided that the Workers' Compensation Board should reimburse the Alberta Health Care Insurance Plan. The Treasury Department advised the Cabinet that they did not have the legislation to do so. Consequently, the Honourable Dave Russell introduced Bill 36, The Alberta Health Care Insurance Amendment Act, in the 1983 Spring Sessions. The bill passed into law with full support of the government, including the Minister responsible for the Workers' Compensation Board.*
>
> *The millions of dollars that government caucus unfairly took from the Workers' Compensation Board to supplement Alberta Health Care is now the responsibility of the Alberta Government. Had they left the Workers' Compensation Board finances alone, there would be no problem today.*
>
> *As it now stands, government created the unfunded liability and government should bite the bullet and economize in other areas. Employers should not be expected to pay for the expense twice and we object strongly to any indication that employers might be held ransom for this political maneuver.*

The Industry Task Force supported the WCB's proposal that assessment rates should be determined without government intervention. It went on to state that "employers should be included in the decision making process and the Workers' Compensation Board should not undertake to determine and implement new rates until the matter has been fully reviewed with the employer."

The Industry Task Force "strongly disagrees" with the WCB's recommendation for establishing a fund for unknowns, and indicated employers are "prepared to pay for uninsured 'unknowns' when or as they arise."

In discussing the current assessment system, the Industry Task Force supported the WCB's recommendation that it be simplified and urged the WCB to work with industry to develop a simplified system.

The Industry Task Force neither supported or opposed universal coverage and considered it to be one of the matters for review in developing a new system. However, it did agree with the WCB's recommendation that coverage should apply to directors, employers and partners on a compulsory basis.

With respect to the proposal to limit coverage to workers resident in Alberta, the Industry Task Force proposed that the WCB "develop a workable reciprocal agreement with its counterparts outside of Alberta."

Views of the Task Force

Full Funding

Virtually all participants agreed with the WCB that full funding is a desirable policy. Full funding ensures that the current generation of employers is charged with the full costs of current accidents. Not only is this equitable, but it also provides maximum incentive for employers to reduce these costs by instituting programmes to reduce injuries.

However, while employers generally agreed with the principle of full funding, they had concerns about how it should be achieved. Recognizing that there is already a substantial unfunded liability, they were concerned that immediate adoption of a full funding policy would result in dramatic increases in assessment rates - a possibility with which they disagreed. In general, they supported a concept of "gradualism" in correcting the current situation.

The Task Force agrees with full funding, and agrees that it should not be achieved in one step. The transition from the current unsatisfactory situation involves two phases:

a) increasing current assessment rates to reflect the current annual full funding costs and

b) amortizing the total unfunded liability that has built up over the last several years.

a. *Current Assessment Rates*

Current assessment rates are substantially less than the full funded level and have been so for several years. Table 6 summarizes the situation from 1982 to the present time.

TABLE 6
Comparison of Average Annual Assessment Rates and Required Full Funding Rates
($ per $100 of assessable payroll)

	Assessment Rate	**Full Funded Rate**	**Difference**
1982	1.71	1.98	.27
1983	1.76	1.96	.20
1984	1.67	1.69	.02
1985	1.64	1.92	.28
1986	1.59	1.99	.40
1987	1.54	1.70	.16
1988 Est.	1.59	1.95	.36
Average	**1.64**	**1.88**	**.24**

During the last seven years, assessment rates have declined and have averaged about 15 per cent less than the full funding rate. This has resulted in a total unfunded liability of some $360 million as at the end of 1987, which is forecast to increase to about $465 million by the end of the current year. At the latter level, the unfunded portion will represent about 25 per cent of the estimated future liabilities of the WCB as indicated in Table 7 and Figure 15.

TABLE 7
Unfunded Liability

	$ Millions	Percentage of Estimated Liabilities
1980	11.7	
1981	76.2	
1982	76.9	
1983	173.2	16
1984	114.3	10
1985	129.2	9
1986	289.7	19
1987	360.7	21
1988 Est.	465.0	25

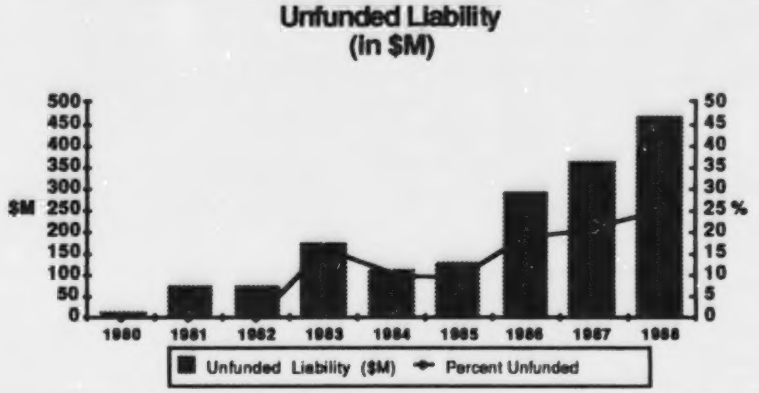


Figure 15 : Unfunded Liability 1980-1988

The Task Force does not believe it necessary to constantly maintain a precisely balanced position between future liabilities and available reserves because of the many uncertainties in the calculations. However, it views the current situation of a relatively high unfunded balance and an annual assessment rate some 15 per cent less than full funded costs as being unsatisfactory and approaching a "slippery slope" to financial difficulties. Action needs to be taken to get the annual rate in line with the estimated cost of injuries.

A rate of about $1.90 would cover the average full funding costs that have prevailed over the last seven years and would not appear to be unreasonable in relation to other Canadian jurisdictions. Alberta would still have one of the lowest average assessment rates. Moreover, as indicated in Table 8, Alberta would have the second lowest rate of those Boards that currently have an unfunded liability.

Until the Board sets a rate that covers full funding costs, the situation will continue to deteriorate. Continuation of the current rate into 1989 would lead to an unfunded liability in excess of $500 million.

TABLE 8
Comparison of Unfunded Liability as at December 31, 1987 and 1988 Assessment Rates

	Unfunded Liability %	Average Assessment Rates
Ontario	67.6	3.02
Quebec	41.9	2.75
New Brunswick	28.8	1.71
Manitoba	28.3	2.33
Newfoundland	22.5	2.18

The high assessment rates in Quebec and Ontario demonstrate the dangers of not addressing this problem before the situation becomes serious. The Boards in each of these provinces are setting rates which are designed to amortize the current unfunded liability over an extended period. A rate of about $1.90 in Alberta would not address that issue, unless costs decrease in future years.

b. The Unfunded Liability

What action should be taken respecting the approximately $500 million unfunded liability? The Industry Task Force contended that the unfunded liability is "the making of the current government and is their fault and responsibility."

The basis for that contention rests on developments alleged to have occurred at the time of the 1980 Select Committee respecting the payment of medical costs and the maximum insurable earnings.

A review of the report of the 1980 Select Committee reveals the following recommendations relating to medical costs:

That the Alberta Health Care Insurance Plan assume responsibility for the payment of medical aid rendered to injured workers under the Workers' Compensation Act. That medical reports required for the purpose of claim adjudication and administration continue to be sent to the Workers' Compensation Board and that a fee per report be paid. The amount of the report fee should be determined by the Board in consultation with the Alberta Medical Association and included in the General Regulation to The Workers' Compensation Act.

The reason for the change was given as, "By consolidating payment of doctors' fees under one agency there will be improved efficiency and cost saving."

Appendix D of the 1980 Select Committee Report indicates that the 1979 cost of medical services that could be charged to the Alberta Health Care Insurance Plan, under the recommendation in 1979, would be $14.6 million, with the remaining $4.1 million borne by the Workers' Compensation Board.

The Workers' Compensation Act, 1981, which was assented to in June 1981 to become effective on January 1, 1982, included a provision that the payment of basic medical cost would be transferred to the Alberta Health Care Insurance Division of Government. The 1982 Annual Report of the Workers' Compensation Board states that "many difficulties were experienced on the part of the medical and healing professions as a result of this change. At year-end these had not been resolved."

In the financial section of the Board's 1982 Report, this matter is again discussed:

The 1982 figures do not include medical costs in relation to basic health services. These were paid by the Board in 1981 and by the Alberta Health Care Insurance Fund in 1982. The cost of this item in 1982, should it have been the Board's responsibility, is estimated at approximately $24 million.

The 1983 Annual Report contains the following note to its financial statements:

12. Medical Aid - Payments to the Alberta Health Care Insurance Fund.

As stated in the 1982 financial statements, the Board received invoices from the Alberta Health Care Insurance Fund during 1982 totalling $20,388,000.

The Health Care Statutes Amendment Act, 1983, (amending Act) assented to on June 8, 1983 transferred back to the Board, effective January 1, 1982 responsibility for the cost of health services provided to injured workers coming under the Workers' Compensation Act.

The Amendment Act also amended the Workers' Compensation Act to enable the Board to enter into an arrangement with the Minister of Hospitals and Medical Care for the payment of those costs together with all or part of administrative costs incurred by the Minister.

Although this arrangement has not yet been finalized, the Board commenced reimbursing the cost of health services. Accordingly, the 1982 invoices amounting to $20,388,000 and 1983 invoices totalling $27,625,000 have been reflected in Statement 2.

With respect to the matter of maximum earnings, it is worth noting that the 1980 Select Committee recommended: "That the ceiling imposed by establishing a maximum rate of compensable earnings be abolished."

The reasons for the recommendation included the following:

Your Committee feels that under the present system of paying 75% of gross earnings below a fixed ceiling in non-taxable compensation

a) less than two-thirds of injured workers receive 75% of gross wages, *b) a high wage earner can receive as little as 40%,*

c) it is not feasible to raise the ceiling to cover all workers as many would receive more while disabled than working because of the 25% tax factor.

Payment of 90% net earnings with no ceiling will ensure workers receive adequate income maintenance in accordance with their established earning capacity.

While the Select Committee recommended no limit on coverage, the new Act specified a limit of $40,000 effective January 1, 1982.

This Task Force is obviously not in a position to comment about events that transpired in 1980 and 1981 respecting the Select Committee's recommendations. However, the record makes it clear that neither of the Committee's recommendations respecting medical costs or maximum earnings was finally adopted.

The Industry Task Force contends that "the millions of dollars that government caucus unfairly took from the Workers' Compensation Board to supplement Alberta Health Care is now the responsibility of the Alberta government. Had they left Workers' Compensation Board finances alone, there would be no problem today. It goes on to state that "government created the unfunded liability and government should bite the bullet and economize in other areas."

Even if one accepted the Industry Task Force's contention that the government had made a commitment respecting the charging of medical costs to Alberta Health Care, that would only account for about one-third of the unfunded liability estimated for the end of 1988.

The basic reason for unfunded liability is the fact that assessment revenues have not kept pace with costs. Indeed, as seen from Table 6, assessment revenues have not kept pace with inflation, but had they done so, any deficit would be very small. Obviously costs would be less if medical costs were charged to Alberta Health Care, but such an allocation would be unique for Workers' Compensation Boards in Canada.

Having regard for the foregoing discussion, this Task Force cannot agree with the position of the Industry Task Force on the cause and resolution of the unfunded liability.

If action is taken to adjust the 1989 average assessment rate so that it covers the estimated annual full funding costs, then the correction of the deficit can probably be left in abeyance for a while to ascertain the impact that the many proposed changes will have on costs. If full funding costs continue at the current rate, then a surcharge will be required to amortize the deficit. On the other hand, if costs decline, then continuation of the proposed 1989 rate might be sufficient to correct the situation. At this point in time, there appear to be too many uncertainties to make any firm decisions on this matter.

2. Establishing A Fund For Unknown Injuries or Accidents

Employers' arguments that it would be impossible to establish a fund for an unknown problem of unknown dimensions appear valid. Additionally, employers have indicated a willingness to accept the costs, should future problems arise.

One has to question the merits of setting out to establish a new fund for unknowns when relatively well-known future requirements are not adequately funded. The first priority must surely be to correct the current situation.

Having regard for these factors, the Task Force does not agree with the proposal to establish a fund for unknowns.

3. Assessment System

The Industry Task Force agreed with the WCB Discussion Paper that the current assessment system is excessively complex and proposed working with the WCB to develop a more simple system. However, many employers' submissions did not comment on the assessment system and, in fact, it did not appear to be a major issue.

The Task Force has reviewed the current assessment system to ascertain whether it is really an "overly complex system which is difficult to understand, difficult to administer and difficult to explain."

Factors which presumably led the WCB review team to that conclusion were the substantial number of industry categories and assessment rates as well as the minute differences separating many of the rates.

a. *Are there too many categories and rates?*

In 1988 the WCB had 61,370 employer accounts which it classified into 833 industries. Those industries having similar risk characteristics were then grouped into 349 rating units. The WCB estimated 1988 costs for each rating unit by using the record of claims costs for the past 9 years. It then established an assessment rate for each unit which, when applied to the assessable payroll for that unit, would recover the estimated claims cost plus provide an allowance for administrative and other unallocated costs.

The process appears relatively straightforward, although there are obviously a maze of details in making all the calculations.

The process means that assessment rates are subject to two primary variables - the estimated future claims cost for a rating unit and the unit's assessable payroll. The interplay of these factors is highlighted by considering the recommendation of the Canadian Association of Oilwell Drilling Contractors. It proposed that:

> *The assessment system be simplified into broad industry groupings. These groupings should include those companies which create, manage and work with common risks. Each company within these groupings should pay a common rate with experience rating continuing to reward or penalize those companies which either out-perform, or under-perform, the average of that industry. It is our recommendation that all oil industry rating units should be grouped into a single rate base. The implementation of this recommendation will clearly result in a more unified approach to safety.*

What are the implications of combining into one rating unit three of the current WCB classified oil industries - operation of gas and oilwells, drilling of gas and oilwells, and servicing of gas and oilwells? The WCB estimated 1988 claims and other costs for each industry as:

	Million $
Operations	3.3
Drilling	14.6
Servicing	8.1
	26.0

Industry estimated its 1988 payroll as:

	Million $
Operations	1,000.2
Drilling	169.8
Servicing	80.2

When estimated costs are related to assessable payroll, the following assessment rates are determined per $100 of assessable payroll:

Operations	$ 0.334
Drilling	8.616
Servicing	10.081

Each of these rates, when applied to the respective assessable payroll, will produce sufficient revenue to cover the estimated cost of each industry.

If the Canadian Association of Oilwell Drilling Contractors' recommendations were adopted, and all these industries combined into one category, then the assessment rate would be $2.08 and would result in the following assessments:

Operations	$ 20.8
Drilling	3.5
Servicing	1.7

Total assessment payments under the two systems are as follows:

	Current CAODC (Million $)		
	System	*Proposal*	*Difference*
Operations	3.3	20.8	+ 17.5
Drilling	14.6	3.5	- 11.1
Servicing	8.1	1.7	- 6.4

The Task Force can not accept that the proposal meets the basic objectives of equitable distribution of claims costs or promotes accident reduction. The incidence of accidents and the resultant costs are high for both the drilling and the servicing industry and needs reduction. The recommendation would have the opposite effect of reducing assessments to roughly one-quarter of their current level. On the other hand, it would place a massive load on the operations industry which has a much different mix of workers and is already contributing its share of Workers' Compensation Board costs.

The foregoing provides a rather extreme illustration of the problems and issues in combining or consolidating industry classification or rating units. Taken to the extreme, there would be only one rating unit and a single assessment rate. As shown on Table 6, that would result in a 1988 rate of $1.95 per $100 of assessable payroll. Required rates for 1988 actually range from $0.10 to $29.50. Clearly, a single rate would not meet the test of equity among employers, nor would it provide an incentive for those industries with high claims costs to take action to reduce accidents. Indeed, it would do the opposite.

If a single rate is unacceptable, how far should the classification of industries and rating units be taken? One way of judging this question is by considering what is done in other jurisdictions which are summarized below:

Table 9

Comparison of the Number of Industry Classifications

Quebec	899 classifications
British Columbia	361 classifications
Ontario	109 classifications

The Alberta system combines 833 industry classification with 349 rating units. The relatively large number of industry classes simplifies the problems of categorizing an employer's operations. Combining industries having similar risks into a lesser number of rating units not only provides a needed statistical basis for predicting accidents and costs, but it also minimizes the number of rating units. It is not possible to say that 349 is the optimum number, but it does not appear to be unreasonably excessive, having regard for British Columbia and Quebec.

Moreover, it appears doubtful that reducing the number of rating units from 349 to 200 or 100 would have much impact on explaining the system. The steps for each unit remain the same and additional units only increase the number of calculations. In today's computer world, the additional calculations are relatively unimportant.

The essential issue is the ability to project future costs and set rates to cover them. That operation needs to be done so as to ensure that employers are treated equitably, which requires that assessments be reasonably proportional to the costs of the rating units. Not only does that policy achieve equity, but it also provides maximum incentive for industries to implement safety standards and other work-related policies to reduce accidents and costs. Additional comments respecting the reduction of accidents are found in Section V.

b. *Minute Differences Between Assessment Rates*

A second possible reason why the WCB review team concluded that the current system should be simplified is the minute differences between many of the 349 assessment rates. Table 10 presents that data for 3 rating units which have a total of 10 industries. The assessment rates for the three units varied from each other by less than one cent per $100 of assessable payroll. One naturally questions the need for that kind of precision and wonders why the three rating units could not be consolidated into one unit.

However, it is really only coincidence that the three rates are almost identical for 1988. As shown in Table 10, each rate is based on the estimated accident costs and the reported payroll. There is nothing to suggest that these two factors will vary in the future in a similar manner for each of the three rating units, and consequently, in 1989, the three assessment rates might be significantly different.

TABLE 10

Comparison of the 1988 Required Assessment Rates for Three Rating Units

Rating Unit	Industries		Required Rate $ Per $100 Assessable Payroll
	Code	Name	
113100	14500	Breweries	2.4697
425200	16902	Sale & Install Commercial Belting	2.4736
	42131	Assemble & Install Vacuum System	2.4736
	42144	Install Fire Sprinkler System	2.4736
	42182	Apply Plastic/Poly Heating Mat	2.4736
	62905	Sale/Install Bowling Alley Equipment	2.4736
91906	09900	Hydrocarbon Well/Mud Logging	2.4742
	09909	Perforating & Logging Services	2.4742
	09989	Torque Monitor Control Power Tong	2.4742
	86415	Logging Coal & Mineral Test Hole	2.4742

In summary, the current classification system appears reasonable. It is consistent with the twin objectives of equity and injury reduction. Changing the system would result in benefits to some employers and costs to others, just as would occur if all the oil industries were consolidated into one unit. Moreover, changes in system design work against one of the major objectives sought by employers - stability and predictability.

4. *Experience Rating*

The assessment system provides equity between industries while encouraging accident reduction. Experience rating is designed to provide equity between employers within an industry and also encourages accident reduction. For the process to be fair, the industry classification system needs to be reasonably precise, and that is an advantage of the larger classification system used in Alberta.

The trade unions argued vigorously that injuries must be reduced. They also appeared to support the concept of employer assessments "according to a rate established for their industrial class... set according to the actual cost experience for that class, and assessments of costs that may occur in the future." However, they are unalterably opposed to the next step - experience rating. They contend it provides

> *little incentive to improve working conditions... (and) ... what it is more likely to do is to:*
>
> *a) discourage workers from making claims;*
>
> *b) promote 'gimmick' safety programmes, e.g. competitions to reduce claims;*
>
> *c) keep injured workers on the payroll, doing nothing or performing 'light duties';*
>
> *d) press claimants to report for work too soon, or press the attending physician to certify a claimant fit for 'light work' even though no such work exists.*

The AFL contended that experience rating "simply does not work" and saw it as "an unacceptable means for controlling claims costs at the expense of legitimate worker entitlement."

Many of the employers and industry associations appearing at the public meetings provided evidence of their efforts to reduce accidents. As noted in Section V, there has been substantial improvement during the last two or three years in several industries. Indeed, it appeared that the combined effect of the assessment system and experience rating (which has only been in operation since 1986) is having the desired effect of focusing attention on the need for improvement in work place safety. Both individual employers and industry associations are establishing safety officers. Those endeavors need to be encouraged by all available means, but an assessment system based on industry costs and experience rating that rewards the good operator provides a substantial economic incentive for constructive action by employers.

If the experience rating system was based on the number of accidents, then the concerns of trade unions about "gimmick" actions by employers might be more valid, but the system is based on costs of injury. The kind of questionable employer action envisaged by the trade unions would only have maximum impact on an experience rating system based on the number of claims rather than their cost and, therefore, does not appear to be a serious problem. It is the serious accidents, where the worker is incapacitated for months or years, that should have a priority prevention, and it is they that have the major impact on costs and on employers' experience rating.

Discussion with Boards in British Columbia and Quebec indicate that they combine their occupational health and safety inspections with discussions about the employer's experience rating record. They expect that this approach will achieve significant improvement in the number of accidents.

Discussion with Professor Ison reviewed his reasons for rejecting experience rating. He contends that there is no empirical evidence to demonstrate that experience rating has a favourable impact on accidents. But then, to the best of the Task Force's knowledge, there is no empirical evidence to demonstrate that any other accident reduction programme has the desired effect. Perhaps what is needed is a pilot study to test the effectiveness of experience rating. That possibility is discussed in Section V.

On the basis of available evidence, the Task Force concludes that experience rating is consistent with the objectives of employer equity and is a useful tool in reducing injuries. Therefore, it should be part of an overall assessment programme.

Task Force Recommendations

1. **The Task Force agrees with the concept of full funding and believes that the average annual assessment rate should be increased to cover total costs of current operaton as soon as possible.**
2. **The Task Force does not agree with the WCB proposal for a significant reduction in the number of categories. The current system does not appear to be too complex. It provides equity between industries and maximum incentive for accident reduction. A significant reduction in categories would conflict with each of those objectives.**
3. **The Task Force does not agree with the proposal to establish a fund for "unknowns."**

4.6 Financial Management

Background

The discussion of financial management in "Shaping the Future" refers to the funds held in reserve by the WCB to cover the future payments for compensable claims. At the end of 1987 the WCB had reserves of $1.23 billion.

The WCB has an arrangement with Alberta Treasury whereby it invests the funds in a portfolio of bonds, mortgages and equities.

In commenting on this arrangement, the WCB acknowledges that the Treasury Department is "considered by the financial community to be a competent manager of the WCB's $1.2 billion investment portfolio," but goes on to state that "the performance of the investment portfolio has been limited by the low level of equity investments allowed by WCB policy. If the equity proportion had equalled the 45% of assets invested by the average Canadian pension fund, the annual portfolio return over the past six years would have been 18.6% rather than 14%."

Another aspect of financial management which relates to day-to-day operations is the evaluation of trends. The discussion paper provides a comparison of the average cost of an injury claim in 1966 and 1986 expressed in 1966 dollars ($1,839 and $5,110, respectively). It indicates that the increase "was created by an expansion of benefits," but gives no details.

In commenting on current trends, the WCB reports that in late 1986.... "annual claims costs were growing at a rate between 16% and 17%. This was at a time when there was no growth in the number of accident claims being registered." It viewed these developments as "an inexplicable increase in claims costs" and as demonstrating a need for change in WCB modes of operation.

WCB Proposals

The WCB recommended that

1. *The Treasury Department continue to manage a part of the WCB investment portfolio,*
2. *The remaining funds available should be managed by "external agents,"*
3. *The WCB should have final authority in the management of its funds, and*
4. *Clear and comprehensive investment guidelines should be developed.*

Views of the Participants

Injured Workers

Injured workers did not comment on these financial matters, but did raise the issue of indexing pensions. They contended that unless pensions reflected inflation, the injured worker's financial position would continue to deteriorate.

Trade Unions

Trade unions proposed that both pensions and the maximum earnings be indexed to reflect inflation.

Employers

Several employers supported the concept of indexing pensions and maximum earnings. They pointed out that adjustments for inflation are inevitable from time to time and that the dramatic increases which were adopted in 1982 when the maximum annual earnings was changed from $22,000 to $40,000 caused sudden changes in assessment rates that were difficult to accommodate. In other words, more frequent but smaller changes are preferred.

Employers did not support the WCB proposal to have part of its investment portfolio managed by external agents. The Industry Task Force stated that "WCB funds should be invested only in the highest possible interest bearing vehicles with the safety of the funds being a priority. External agents have no more expertise in this area than the Treasury Department." It concluded that the WCB "should not set-up an in-house investment department."

Several employers expressed concern about the WCB's comment in "Shaping the Future" that increases in claims costs "are inexplicable." They took the position that the WCB should be able to clearly identify the reasons for cost increases.

Views of the Task Force

1. *Management of the WCB Investment Portfolio*

While it appears that a somewhat higher return could be obtained on the WCB's investment portfolio, it is clear that most employers favour a very conservative investment policy. It is they who will have to cover the increased costs of that approach, and the Task Force believes their view should be accepted. Therefore, it does not support the WCB proposal respecting investment policy.

2. Indexing of Pensions and Maximum Annual Earnings

While indexing benefits was not identified as an issue in "Shaping the Future," the Task Force believes it should be addressed. The arguments favouring an indexing policy appear sound and appear to have the support of most parties. It is a practice followed by several other WCB's in Canada. The Task Force recommends that the WCB seriously consider this matter.

3. Assessment of Claim Cost Trends

The Task Force strongly subscribes to the view that the WCB be knowledgeable respecting trends in claims costs and not be left in a position of calling them "inexplicable." It appears to the Task Force that there are two major trends or indices that require analysis:

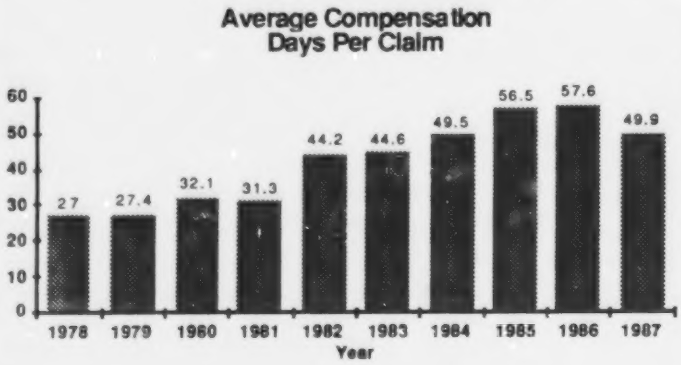
a) the average number of compensation days per injury claim, and

b) the incidence and magnitude of permanent disability awards.

These factors, coupled with injury incidence and benefit provisions such as maximum annual earnings, determine the costs for compensation and pensions which, together with the related medical costs, account for about 85 per cent of total costs.

4. Average Number of Compensation Days Per Claim

Discussions with WCB personnel have revealed several different estimates of average compensation days per claim. The estimate adopted in this report is that developed by Actuarial Services. It represents the ultimate compensation days estimated to be paid over the life of an injured worker. Compensation



The average number of compensation days per time-lost claim has increased substantially over the decade. In 1978 the average was 27 days, but by 1986 this had increased to 57. In 1987 the average was 50 days.

The major change occurred in 1982 with the downturn of the economy.

Figure 6: Average Compensation Days per Time Lost Claim 1978-1987

TABLE 11
COMPENSATION DAYS PAID BY TRANSACTION YEAR AND YEAR OF ACCIDENT

	YEAR OF TRANSACTION											
YEAR	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	AGE	FACTOR
1939	0	1	0	0	0	0	0	0	0	0	49	.000000
1940	92	21	0	0	0	0	0	0	0	0	48	.000000
1941	0	301	0	0	0	0	53	293	0	0	47	.000000
1942	110	0	0	0	0	0	0	2	0	0	46	.000000
1943	135	0	334	353	256	0	0	0	0	0	45	.000000
1944	0	0	0	0	0	33	140	0	0	0	44	.000000
1945	350	200	2	0	4	0	0	0	0	0	43	.000000
1946	119	324	187	9	267	279	305	0	164	0	42	.000000
1947	0	4	260	238	16	16	0	46	0	153	41	.111111
1948	199	449	378	402	227	428	294	499	894	439	40	.111111
1949	219	353	97	9	83	0	116	0	0	38	39	.043330
1950	343	24	14	6	9	60	21	0	112	465	38	.111111
1951	193	170	643	720	339	385	629	298	0	349	37	.103346
1952	167	192	414	694	502	435	405	395	288	12	36	.003436
1953	273	397	79	0	990	706	486	767	707	400	35	.090806
1954	54	479	174	151	119	152	49	103	422	485	34	.111111
1955	212	451	191	13	294	337	15	266	563	339	33	.111111
1956	372	595	185	110	601	147	0	38	146	155	32	.070647
1957	764	649	663	1	516	572	696	742	275	466	31	.095531
1958	1352	648	651	314	319	772	1303	846	1187	614	30	.083063
1959	166	569	499	218	221	18	415	333	780	900	29	.111111
1960	459	179	427	209	321	671	84	271	383	558	28	.111111
1961	405	775	323	635	945	593	575	742	1521	421	27	.064630
1962	165	579	1024	100	441	1293	1093	1219	1152	1015	26	.111111
1963	904	490	719	591	2441	1718	1238	1145	2677	1973	25	.111111
1964	612	647	565	870	659	1301	1043	1000	650	885	24	.111111
1965	278	954	277	418	762	473	1435	1643	2633	1247	23	.111111
1966	1319	688	742	983	35	785	1042	1436	2920	2367	22	.111111
1967	509	785	1261	1124	2172	2185	2787	2813	2850	1864	21	.111111
1968	1883	2751	1868	1226	2653	1323	1853	2288	2038	2550	20	.111111
1969	2748	1366	2159	1586	1494	1671	1594	1289	2030	1698	19	.106545
1970	2400	1447	707	1631	2391	2282	1252	1038	1954	1501	18	.099391
1971	1641	3221	3475	3267	2415	3659	2054	1471	3819	2549	17	.101870
1972	4520	2266	1260	2851	2476	2750	1479	3577	2075	1265	16	.054399
1973	2388	1770	964	1722	2771	2659	2132	1573	3053	2320	15	.111111
1974	6492	5867	1196	3520	4013	3951	2799	2330	2700	2895	14	.088080
1975	11191	7302	3923	4849	3752	4458	5399	4052	5431	5808	13	.111111
1976	35723	12532	9498	5161	6030	5961	5745	6885	7232	4828	12	.050946
1977	244116	40357	19902	8765	9683	8710	6078	7542	6480	5747	11	.016344
1978	622291	291655	47144	24094	13577	11542	12383	9383	8837	7116	10	.006836
1979	0	664718	327695	59492	35291	18936	15968	13183	14563	8971	9	.007802
1980	0	0	735903	378620	84475	38909	24705	21499	18833	12950	8	.009939
1981	0	0	0	759864	432551	91610	44300	30853	26487	16973	7	.012249
1982	0	0	0	0	822527	468049	109187	68557	51704	26983	6	.017752
1983	0	0	0	0	0	733306	379822	111381	79215	36633	5	.028099
1984	0	0	0	0	0	0	724681	478331	173721	75206	4	.054626
1985	0	0	0	0	0	0	0	861859	673471	190765	3	.124250
1986	0	0	0	0	0	0	0	0	957406	573181	2	.598681
1987	0	0	0	0	0	0	0	0	0	822123	1	.000000
TOTAL	**945164**	**1046176**	**1165803**	**1264816**	**1438638**	**1413135**	**1355655**	**1641988**	**2061373**	**1817207**		

payments can occur for accidents that occurred forty years earlier, as indicated in Table 11. Therefore, in estimating average compensation days for current accidents, allowance must be made for these future payments.

The estimate of ultimate compensation days per injury claim is shown in Figure 6, repeated in this section to assist the reader. It reveals dramatic increases in 1982 and 1985/86. Figure 16 shows that the increase that occurred in 1982 accidents applied not only in that year, but to all subsequent years, thus establishing a new plateau. The general consensus seems to be that these changes reflect the downturn in the economy and the serious unemployment situation. This is not to suggest that compensation periods were extended specifically because of economic factors, but simply that these factors probably had an influence on many of the parties having input into the decision making process.

Section 4.3 reference was made to 3,080 cases that have been on compensation for more than 14 months and the smaller group of 262 cases that exceeded 4.25 years. If one adds 100 cases with 4.25 years compensation to the 2.1 million compensation days for 42,000 injuries, the total is increased to 2.2 million and the average becomes 52.3 days. This suggests that further analysis is required of the 3,080 cases.

There is not, as far as I know, an explanation for the increase of 1985/86, although some refer to a liberalization in interpretation of policy. One trend that can be seen through this period is shown in Figure 14 on page 38. It demonstrates a progressive shift in compensation payments toward earlier years. For example, in 1978 91.6 percent of compensation days paid related to accidents that occurred in 1977 or 1978. By 1987, only 76.7 percent of the compensation days paid related to accidents in 1986 and 1987.

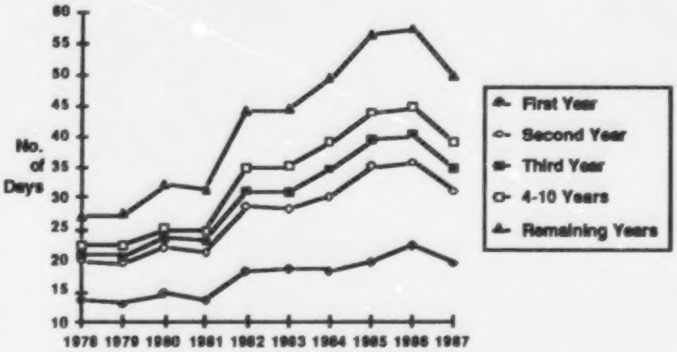


Figure 16: Estimated Ultimate Average Compensation Days per Injury Claim 1978-1987

The impact of a relatively small number of cases with extended healing periods can be significant on both total compensation days paid (as noted in Section 4.3) and on the average days per claim. For example, if the ultimate average days per claim is 50 (as in 1987) and there are 42,000 lost time claims (42,200 in 1987), then the total ultimate compensation days is 2.1 million. In

As in the case of average ultimate compensation days per claim, the major change in the trend occurred in 1982 and has continued thereafter. Further analysis is needed to identify the cause for the change.

TABLE 12

Comparison of Compensation Days Paid by Year of Injury

	1986				1987			
	B.C.		Alta.		B.C.		Alta.	
	No. 000's	%	No. 000's	%	No. 000's	%	No. 000's	%
Total Days	1,921	100	2,061	100	2,074	100	1,817	100
Current Year	1,168	61	957	46	1,232	60	822	45
Previous Year	459	24	673	33	504	24	573	32
Other Years	294	15	431	21	338	16	422	23

It is interesting to compare the distribution of compensation days in Alberta with British Columbia. Table 12 shows that for 1986 and 1987 the compensation days paid in B.C. during the first two years accounted for about 85 percent of total days, whereas in Alberta they accounted for only about 78 percent. A much greater difference occurs in the first year.

It is not possible at this time to identify the reasons for the differences. However, since the British Columbia WCB has a much lower adjudicator case load, the overload situation in Alberta might be part of the explanation.

Average Disability Pensions

While the Task Force had hoped to be able to analyze trends in disability pensions, this has not been possible because of time constraints.

Task Force Recommendations

1. **The Task Force does not support the WCB proposal that part of its reserve funds be managed externally.**
2. **Consideration should be given to indexing pensions and maximum earnings.**
3. **The WCB should improve its capability to assess developing trends.**

4.7 Communications and External Relations

Background

Communication is a major element in WCB operations. In the course of a year, the Board must communicate with 60,000 workers who are injured as well as maintain ongoing communications with all of the injured workers whose cases are still active. The injured workers also need to communicate with the WCB to find out information respecting their case, to present new evidence, to propose rehabilitation programmes, etc.

Communication also occurs in the development of new policy initiatives or in problem areas. The scope of these communications will likely be directed to larger groups, such as trade unions, employer associations and medical associations, rather than to individual workers, employers or physicians.

The WCB must also communicate with the government and particularly with the Minister responsible for Board operations.

Finally, the Board needs to communicate with the public and the media.

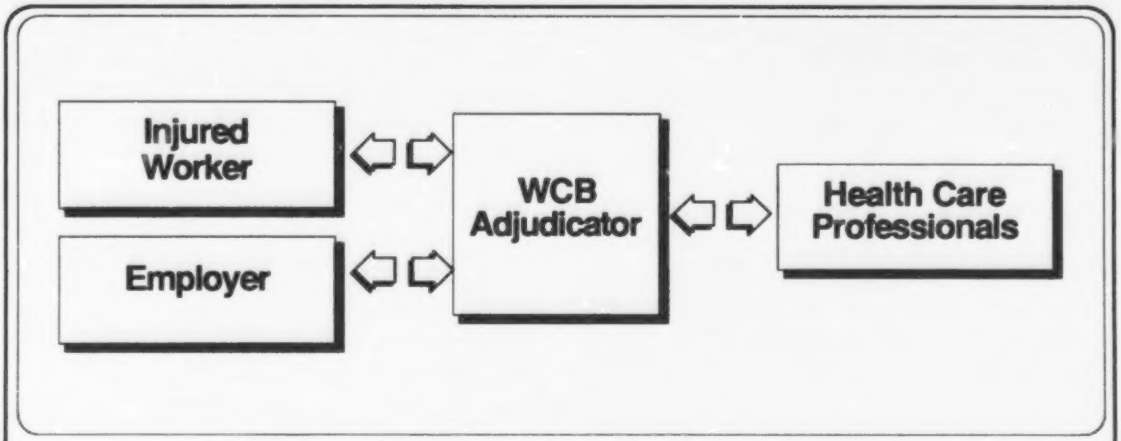


Figure 17: Primary Communication

The WCB must also communicate with 60,000 employers in the province with respect to both injury claims and assessment payments. As with injured workers, employers also need to communicate with the WCB respecting these matters.

Communication between the health care professionals and the WCB relate to both the treatment and care of the injured workers and payment for those services.

The magnitude of these communications is immense - about 400,000 telephone calls in a year, and more than 500,000 written communications regarding claims.

Communications that relate directly to injury claims, which are the core of WCB operations, are of primary importance. They require interaction between the WCB adjudicators and the injured workers, the employers and the health care professionals, as illustrated in Figure 17.

The communication must be a two-way flow of information.

Communications that relate to broad policy issues, information and education involve much more diverse groups, as illustrated in Figure 18 on the next page.

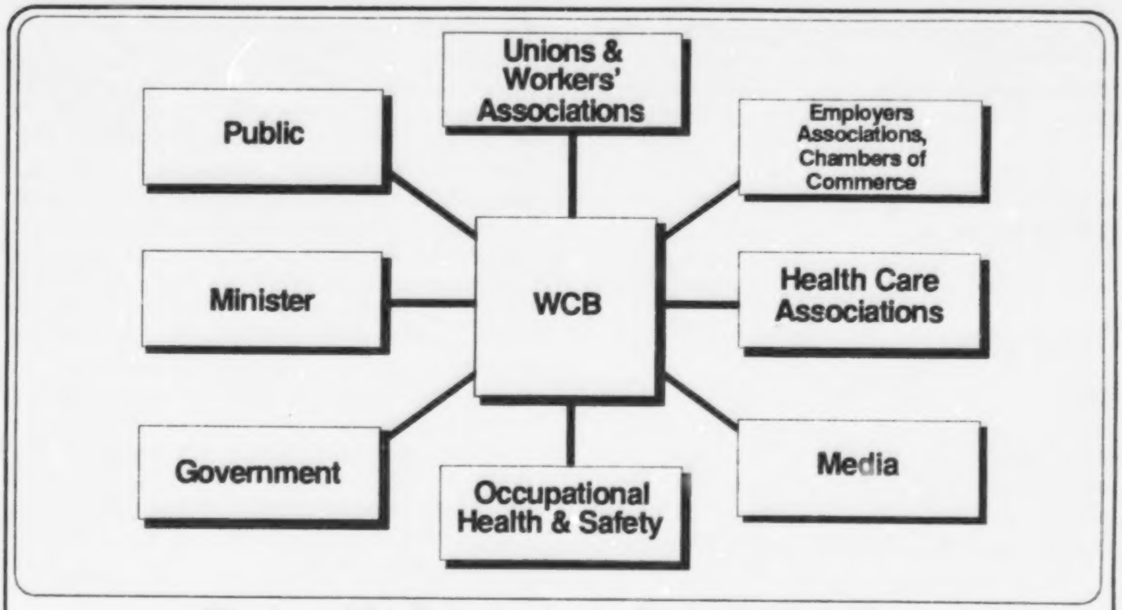

Unions & Workers' Associations
Public
Employers Associations, Chambers of Commerce
Minister
WCB
Health Care Associations
Government
Media
Occupational Health & Safety

Figure 18: Secondary Communication

In summary, the WCB has major communication responsibilities. The question is not whether it will communicate to all its publics, but how it will do so.

Proposals in "Shaping the Future"

The WCB recognizes that its current communication process and policies are inadequate and need major change. In "Shaping the Future" it proposed several new approaches.

The discussion paper states that the WCB "must develop, promote and maintain effective two-way communication with workers" and conceded that if this is not done, then "the WCB will not be able to meet its obligation to workers."

In a similar vein, it proposes a "communication programme... be established with employers to ensure the WCB understands employers' problems and concerns relative to assessment."

It agrees that "policy development should include consultation with workers, employers and government."

In considering relations with other agencies, it accepts that "a lack of working relationship with other agencies can prevent workers from receiving other types of assistance once entitlement to benefits has ended." "Shaping the Future" includes a proposal for closer liaison with Occupational Health and Safety since, to date, the two organizations "have not co-ordinated their accident prevention information."

The WCB is concerned that it "does not respond effectively to its critics...particularly...in regard to government and the media." It proposed to "conduct its affairs in such a way that it will regain the confidence of government which will allow it to function more independently."

In order to increase the satisfaction of its "clients," the Board proposes to provide services which would be

- responsive to client needs,
- two-way communication,
- open and honest, and
- cost effective.

"Shaping the Future" indicates that the WCB intends to "educate key players as to WCB's role and services - better service will mean fewer complaints."

Finally, the WCB plans to "solicit input from workers, employers and knowledgeable others on an ongoing basis."

Views of the Participants

Injured Workers

Most of the injured workers who made submissions described in considerable detail their numerous difficulties in accessing WCB adjudicators and obtaining basic information about their case - both in terms of its current status and advice about future developments.

Their extreme frustrations attest to the inadequacies of the current system. Only able to talk to their adjudicator after long delays, and then frequently not receiving definite information, left them confused and angry.

Trade Unions

Unions also complained about the quality of WCB communication. While recognizing how the current system impacts on the injured worker, they directed their attention to broader communication questions. For example, the AFL contended that "a revamped education and communication effort would be the first and major change in policy and practice to make the claims and appeals process more responsive."

The Federation submission stated that "the need for an open and accountable workers' compensation system may be attested to by anyone who has attempted to gain information about Workers' Compensation. Our concerns are echoed by workers, trade unions, employees' advisors and others." It concluded by recommending that "the Board should accept its responsibility to provide much more information to workers at the time of injury, ranging from basic information on the system to actuarial reports on the state of its finances."

Employers

The WCB proposals for "proactive...two-way communication" were strongly endorsed by employers and their associations. They were particularly enthusiastic about the proposal to establish a communication programme with employers to "ensure the WCB understands employers' problems and concerns relative to assessment." They contended that establishing "structural communication between the insurer and the WCB must be a priority" and indicated that they "have example after example of problems created because of a lack of communication with individual employers, with injured employees and with the industry as a whole." They concluded by stating that "the WCB has been talking to itself for too long - external input and ongoing communication is long overdue."

Views of the Task Force

Clearly, there is unanimous support for the WCB proposal to be proactive and engage in effective two-way communication. Comments made at the meetings confirm that the WCB has been insular in its thinking and mode of operations. Therefore, the proposed approach will require a major change in both philosophy and operations.

At the primary communication level, it is the adjudicator who would be expected to carry out the "proactive two-way communication" with workers, employers and medical professionals. Today their communication is limited to a review of documents and conveyance of decisions in writing - certainly not proactive or two-way. If the new communication objectives are to be achieved, then adjudicators will require time to meet with injured workers and carry on discussions where necessary with employers and medical professionals. Therefore, in adjusting adjudicators' case loads, as recommended in Section 4.1, the Board must allow for communication requirements if it is serious about proactive and two-way communication.

The Task Force whole-heartedly supports the proposal to significantly upgrade the WCB's communication programmes. The need for this was continuously demonstrated by participants' submissions.

Achieving effective communication at the secondary level will also require major changes in approach. It will mean initiating open and two-way communication with the various groups and associations affected by WCB operations such as

- employers' associations,
- trade unions,
- injured workers' associations,
- medical and health care associations, and
- government departments and agencies.

Indeed, the challenges are immense, but the rewards substantial. The Task Force is convinced that unless there is a major change in communication philosophy and execution, the WCB will continue to face credibility and performance problems.

Task Force Recommendations

1. **The Task Force endorses the proposal for an open and two-way communication programme.**

2. **Adjudicator case loads must be maintained at a level that will permit effective communication.**

4.8 Miscellaneous Issues

Participants raised many issues that were not specifically addressed in "Shaping the Future." It is not possible for the Task Force to deal with each of them, but in this section it considers a few of the more important issues. They are not in order of importance.

Treatment of Back Injuries

The Task Force heard many submissions describing the inadequacies of diagnosing and treating back injuries. The survey of injured workers in Appendix A provides an overview of how workers have been affected by back injuries. As indicated in Section 3, about two-thirds of the injured workers making submissions suffered from back injuries. With all this emphasis on back injuries, the Task Force decided to review available statistics.

Back injuries in Alberta account for an average of

- 23 per cent of all time lost claims,
- 27 per cent of the disability pensions awarded each year,
- 33 per cent of the current long term cases (from 14 months to 4.25 years), and
- 44 per cent of the current long term cases more than 4.25 years.

The data for particular industries is even more striking. From 1985 to 1987, back injuries in Alberta hospitals and related health care institutions represented 44 per cent of all injuries. The relationship of those injuries to future pension awards has not been reviewed, but it is probably significant that several nurses who had suffered back injuries made submissions. The story of one nurse is related in Appendix B.

Alberta experience is not apparently much different than that in other Canadian jurisdictions. Back injuries in 1985 accounted for 27 per cent of all Canadian work-related injuries - somewhat higher than Alberta's 23 per cent.

Back injuries cause problems for all parties - the injured worker, the employer, the medical professionals and the WCB. The Task Force envisages these problems evolving as follows:

- The injured worker expects to receive a specific diagnosis and treatment to heal his or her injury, but in some cases this does not occur. After extended treatment that doesn't provide relief, the worker decides to get a second medical opinion which may be different and lead to a new line of treatment. In the more extreme cases, this process goes on for months and possibly years. The worker continues to have severe pain, be partially incapacitated, and become despondent and totally dependent on the WCB. The worker frequently returns to his or her original physician who may recommend attendance and assessment at the Rehab. Centre.

- The medical specialists undoubtedly find these prolonged cases very difficult. The normal tests do not reveal abnormalities, but the patient continues to have pain and be at least partially incapacitated.

- The employer sees the extension of treatment as becoming extremely expensive and wonders why the worker has not returned to work. Because medical tests are negative, there is naturally suspicion about the authenticity of the injury.

- The adjudicator is caught in the middle between these forces. As time extends and additional treatment is not successful, the adjudicator must eventually make a decision as to whether to continue the treatment and compensation or terminate the case. To assist that decision, the worker may be directed to attend the Rehab. Centre for treatment and an evaluation of his or her capability to return to work. Frequently, the worker will be judged capable of "suitable work" and compensation will terminate.

The process is not satisfying to any of the parties, but particularly not to the injured workers. Many survey participants have reported that even though they have been declared fit for suitable work and have had their compensation terminated, they are not able to return to work and are still receiving treatment to relieve the pain. This combination of circumstances leads to severe financial and social problems for the worker. The fact that being cut off compensation does not result in the worker's returning to work appears to the Task Force to demonstrate that the pain and incapacity is real and requires treatment.

The Task Force appreciates that these kinds of cases are not easily resolved. Some physicians have referred to the treatment of difficult back injuries as more of an art than a science.

In 1983, the Quebec Commission decided that it needed some expert advice on the treatment of back injuries, and it asked the Institute of Workers' Health and Safety to undertake clinical research on the problems of spinal disorders occurring in the work force. Dr. Walter Spitzer, Chairman of the Department of Clinical Epidemiology, McGill University, was selected to organize and chair a Task Force on Special Disorders in consultation with the research staff of the Institute.

The Quebec Task Force reported its findings in 1987. It found that 74.2 per cent of workers with back injuries in Quebec are absent from work less than one month; however, 7.4 per cent lose more than 6 months of work. The study also determined that "spinal disorders incur higher costs (greater than $150 million annually in Quebec). Of these costs, 75.6% are associated with the same 7.4% of chronic cases with more than 6 months lost from work."

The Quebec Task Force concluded that there is a need for guidelines in the effective treatment of spinal disorders and proposed the following:

A management model stresses three chronological points in the evolution of spinal disorder: 4 weeks, 7 weeks and 3 months. These are based on knowledge of the natural history of spinal disorders and serve in the early detection of patients with a tendency toward chronic pain.

Management over the first 4 weeks emphasizes the initial physical examination and history of onset and identification of work-related risk factors. All laboratory evaluation, including pain roentgenograms of the spine, are generally useless at this stage, unless clinical signs suggest a specific disease.

Therapy over the first 4 weeks deemphasizes prolonged bed rest. If used, bed rest should be prescribed for 2 days at a time, to a maximum of 4 days for low back pain and 7 days for neck pain. Functional rehabilitation, including return to work (progressive, if necessary), should be the goal and modality of treatment.

Follow-up study between 4 and 7 weeks should focus on a complete reevaluation of the problem, including history and physical examination and simple laboratory procedures (plain roetgenograms and sedimentation rate). If these indicators are negative, the role of the clinician is to reassure and educate the patient about the benignity of the condition, encourage functional recuperation, and anticipate with the patient the physiologic consequences of pain and inactivity.

If the patient has not been able to resume work after 6 weeks, a specialist of the neuromusculoskeletal system should be consulted.

After 3 months of follow-up evaluation, the clinician should request a consultation for unimproved patients. The consultation could be multidisciplinary, including specialists for the spine, psyche, and functional and occupational rehabilitation. Only 2 - 3% of all patients require specialist or multidisciplinary consultation. The clinician must regard these cases not as therapeutic failures, but as part of the natural history of spinal disorders and the consultant must address the specific needs of the patient.

The Task Force suspects that a management system such as that proposed for Quebec could provide significant benefits. The current system appears unorganized, frequently ineffective and confrontation orientated.

Since back injuries cause so much pain and suffering for the injured workers and are so costly to employers, every effort should be made to find more effective treatment. The Task Force believes that the WCB should take the initiative in convening a workshop of multidisciplinary specialists to examine the issues and recommend a course of action. As a first step there should be discussion with the Spitzer Task Force and the Quebec Commission to take full advantage of their experience.

Independence of the Board

"Shaping the Future" proposed that "Assessment rates should be determined and implemented by the WCB without government intervention."

Both trade unions and employers supported this proposal on the concept of WCB independence. Union submissions objected to alleged instructions by the Minister to restrict benefit payments. Employers, and particularly the Industry Task Force, objected to government restrictions on assessment rates.

Several parties made reference to the following statement in the WCB 1986 Annual Report:

> *The decision not to increase assessment rates for the fourth year in a row...was taken in consultation with the Economic Planning Committee of Cabinet (and) was designed to recognize the economic pressures on industry and to avoid adding to their burden.*

In its comments on WCB funding proposals, the Industry Task Force stated that "The decision as to whether (assessment) rates are increased or decreased should not be in the control of politicians and intervention of government in WCB rate matters is unacceptable."

The intent of the government in inserting itself into the rate setting process was to help industry and "avoid adding to their burden," but clearly, as far as the Industry Task Force is concerned, that intervention is not appreciated. The Workers' Compensation Act specifically assigns responsibility for assessment rate, to the board:

> *91 (1) In accordance with and for the purposes specified in the regulations, the Board shall assess and levy on employers a sum based on a percentage of payroll, or on some other rate that, or a specific sum that the Board chooses.*

The Task Force supports the WCB recommendation.

Abuses of the System

Both unions and employers referred to abuses of the system and contended that the practice must be eliminated. The Task Force agrees and believes that the proposed complaint/review system coupled with processing modification (such as the form change proposed by the Industry Task Force) should significantly reduce abuses.

Occupational Diseases

At the outset of this report, the Task Force defined a work-place injury as including occupational diseases. Only the trade unions emphasized occupational diseases, although several of the injured workers suffered from such diseases. The term "occupational disease" has been defined to include the following:

- Burn (chemical)
- Ultraviolet rays, welders' flash
- Fume toxicity, smoke inhalation
- Synovitis, tenosynovitis, tendonitis
- Dermatitis
- Contagious or infectious diseases
- Inflammation or irritation of joints, etc.
- Freezing, frostbite, etc.
- Bursitis
- Pneumoconioses
- Heatstroke, sunstroke, heat cramps
- Hearing loss or impairment
- Caisson's disease
- Tuberculosis
- Silicosis
- Asbestosis

The Task Force believes that there would be considerable merit in maintaining a careful watch over industrial diseases. The most effective means of maintaining surveillance would be by a joint WCB/OHS committee with representatives from the medical profession, employers and unions.

Task Force Recommendations

1. **The WCB should convene a workshop of medical experts to review problems in treating back injuries and to develop a management protocol.**

2. **The Task Force supports the WCB recommendation that assessment rates should be determined and implemented by the WCB without government intervention.**

3. **The Task Force recommends the establishment of an Occupational Disease Committee.**

V. REDUCTION OF WORK PLACE INJURIES

Background

The issue of injury reduction was not discussed in any detail in "Shaping the Future," but it became a major theme at the public meetings - particularly because of the emphasis placed on accident prevention by trade unions.

During the last decade, Alberta industry has had almost 500,000 lost time injuries. The pain and suffering from them has been immense, as has the cost - $2.5 billion. Avoiding injuries obviously has many advantages and must surely be seen as the number one objective.

The following discussions summarize the views expressed by participants at the public meetings, following which the Task Force offers some suggestions respecting injury reduction.

Views of the Participants

The Occupational Health and Safety Department commended the WCB for its proposed "new direction." In "Shaping the Future," the WCB stated it should "aggressively pursue accident reduction programmes with the appropriate organizations, internal and external to government. A public education programme should form the centerpiece of this approach." Occupational Health and Safety welcomed this initiative and proposed "a partnership in prevention" between the two organizations. More specifically, it recommended that the WCB:

1. *take a more active role in prevention by ensuring that its policies and operations create a climate which motivates employers towards more prevention activities,*
2. *actively explore the possibilities of using assessments, penalty and incentive programmes and systems to provide mechanisms which motivate employers to undertake long-term prevention programmes,*
3. *establish a prevention assessment portfolio to generate future savings and sponsor investments such as research and education,*
4. *fund and work collaboratively with Community and Occupational Health to develop promotional campaigns and other mechanisms designed to improve awareness and attitudes towards health and safety, and*
5. *examine the design of its data base and ensure it becomes a key source of strategic information for prevention.*

Trade unions expressed serious concerns about the lack of emphasis on accident prevention in "Shaping the Future." Reference was made to the statements contained in "Shaping the Future" that the Workers' Compensation Board "does not have an active accident prevention role. That is the function of the Occupational Health and Safety division of the Department of Community and Occupational Health. The Workers' Compensation Board, therefore, cannot actively prevent accidents."

The AFL, after commenting on the importance of accident prevention, outlined "a proper system for prevention." It would include "the fullest possible participation of workers and their organizations through joint work-site health and safety committees in all aspects of occupational health and safety." It recommended appropriate legislation to make the joint committees fully effective. The AFL also recommended strict enforcement of all requirements: "No matter what level of incentive or education is offered, the need for proper compliance remains."

Additionally, the AFL proposed that the WCB play a more active role:

1. "A major expansion of the research information compiled by the Board could be the best source of information for proper administration of health and safety."
2. Developing "a comprehensive data base for use in the prevention of injuries and the early recognition of occupational diseases."
3. Sharing "of information between the Board and all parties to the health and safety efforts is vital to prevention efforts."
4. Publicizing "technical hazard information as well as general messages."

5. Supporting "research relating to occupational health and safety activities of associations organized by both employers and unions."

Several employers presented evidence respecting injury reduction programmes that they had initiated.

Views of the Task Force

Over the last decade there appears to have been a variety of approaches to reducing accidents:

1. joint work-site health and safety committees,
2. enforcement of compliance with regulations, standards, policies, etc.,
3. providing information on performance respecting injuries to all parties,
4. education of workers and employers in health and safety practices, and
5. providing financial incentives for industry to reduce accidents through lower Workers' Compensation Board assessment rates.

There is no empirical evidence, that the Task Force is aware of, which demonstrates that any of these programmes is highly effective, either individually or collectively. As noted earlier, the work place accident rate over the last decade has been declining in Alberta, but that is probably more related to the level of economic activity than accident reduction programmes.

It appears to the Task Force that, to date, the WCB and Occupational Health and Safety (OH&S) have been operating essentially as "two solitudes" with minimum linkage or cooperation. However, each has a common goal for reducing work injuries, and each needs the other to achieve that objective. The WCB has a wealth of statistical data that could be extremely valuable to OH&S, and an employer assessment system that can be geared to accident reduction. OH&S has an inspectorate, regulatory authority and expertise to deal directly with health and safety. Clearly, the two organizations working co-operatively and creatively can be far more effective than the sum of their individual efforts. Thus, they need each other.

The WCB's assessment system, with its injury cost related assessment rates and its relatively precise industry classification system and experience rating programme, provides financial incentives for industry to reduce injuries. However, the effectiveness of these programmes has been significantly reduced because of the restrictions imposed by the government on setting assessment rates in accordance with estimated industry costs.

As a result, 562 of the 833 industries have 1988 assessment rates less than the required rates. Indeed, a total of 91 industries have rates that are deficient by more than 100 per cent. There are 214 industries whose rates are too high (but by relatively minor amounts), and only 57 industries have rates consistent with estimated costs.

The above deficiencies resulted in about $50 million of lost assessment revenues in 1988 and, perhaps even more important, reduced incentives to implement programmes to reduce injuries. Appendix D provides a comparison of 1988 actual assessments and required assessments for the thirty industries with the greatest discrepancies.

Everyone supports the concept of accident/injury reduction, but the acid test is how to achieve it. Several employers and industry associations reported on their programmes and the results. For example, the Meat Council reports that accident rates in the meat packing industry improved from a 31.6% accident rate in 1986 to 28.5% in 1987. Mr. McGraw of Canada Packers reported that his company changed its accident rate from 54.1% in 1986 to 15.1% in 1987. He went on to state that "packinghouses throughout North America have consistently run at an injury frequency of 33%...but...if safety is professionally managed, the packinghouse industry can show significant improvements, and will eventually match the "all industry" injury performance of 5.0%."

Syncrude indicated that "over the last eight years we've been improving (its accident rate) at the rate of about 25 percent a year."

It appears to the Task Force that a major breakthrough in accident/injury reduction requires not only a broad, well-structured programme, but one having specific objectives that can be compared to actual performance in order to determine whether the programme is effective. The WCB assessment and experience rating system should be a major element of that system.

Some contended that assessment and experience rating are not effective in reducing accidents and that they lead to abuse of the workers by employers not reporting accidents and similar actions. It appears to the Task Force that these issues should be resolved and that the $50 million current shortfall in assessments provides "a window of opportunity" to conduct an effective pilot study.

If a full funding assessment policy is to be followed (and the Task Force belives it should be), then the assessment rates for the 562 industries that are currently under-assessed must be increased. In other words, the $50 million shortfall must be eliminated. The concept of "gradualism" suggests that the changes (many of which are quite substantial) should be implemented over a few years rather than in one step. Closing the gap on shortfalls in assessment rates will be a part of the rate setting process. But the next two or three years of transition provide an opportunity to use the shortfalls in a few selected industries as a pilot study.

The selected industries should know the extent of their assessment shortfalls and how much the rates are expected to increase. If the industries are able to reduce injury costs significantly, then some or all of the increase in rates would not be necessary. This set of circumstances provides an ideal environment in which to challenge employers and workers to demonstrate jointly that injury costs can be reduced and additional costs, as well as the pain and suffering, can be avoided.

The specifics of such a programme would obviously have to be developed carefully. A complicating factor is that estimated injury costs are based on an actuarial evaluation of the last ten years. Consequently, some adjustment would have to be made to that calculation process where warranted.

A rough outline of how a pilot study of an assessment-related injury reduction plan might be implemented is as follows:

1. Joint and equal responsibility for WCB and OH&S with each contributing its resources and expertise.
2. Selection of suitable industry classifications.
3. Promotion of the programme with employers and employees in the selected industries, and encouraging them to participate.
4. The plan would permit a qualifying industry to avoid the planned increase in assessment costs (caused by a current shortfall in its rate) providing it could demonstrate by a detailed plan that the reduction in injury costs would likely be successful. The plan would include an estimate of injury costs. It would be reviewed by a special WCB/OH&S committee. If the plan were judged to be effective, the committee would judge the impact on estimated injury costs and accidents and recommend a per cent reduction to the planned rate increase.
5. Actual performance would be monitored by an employer/employee industry committee and by the WCB and OH&S committee. If performance did not meet the established target, then the reduction factor would be reviewed and revised if it were judged to be too high.
6. Work-site performance would be carefully monitored by OH&S inspectors to ensure that the plan did not result in worker abuse as a means of reducing costs.
7. The progress of injury cost reduction plans and their performance would be documented and published.

If the pilot test were successful, it could be applied on a general basis, thereby providing all industries with an opportunity to reduce assessment costs by reducing injury costs. The beneficiaries of the programme would be those workers who would not be injured.

The transition from inadequate to full cost injury rates is expected to be completed within two or possibly three years. Therefore, the window of opportunity for the proposed pilot test is brief, and action must be taken immediately if it is to be captured.

Task Force Recommendations

1. **The WCB should make injury reduction one of its major objectives.**

2. **A pilot injury reduction project should be quickly planned and implemented under a joint WCB/OH&S task force to take advantage of the "window of opportunity" currently available because of the anomalies (i.e. the gap between actual and required assessment rates) in the WCB assessment system.**

VI. CONCLUSIONS AND RECOMMENDATIONS

The Task Force considered the various recommendations in "Shaping the Future" as well as a wider variety proposed by participants in the public review process. The Task Force agrees with many of the recommendations, but disagrees with some of them. The purpose of this section is to identify the more significant recommendations and indicate the Task Force conclusion respecting them.

Some of the recommendations need prompt action because of the serious impact of any further delay. Others, while still important, can be dealt with in the normal process.

Some of the recommendations were discussed extensively at the public meetings, but others received only passing comment and attention. Some of the conclusions stem solely from the review work of the Task Force and, therefore, there should be an opportunity for interested parties to comment.

Recommendations Requiring Prompt Action

1. Injured workers who have been seriously disadvantaged by the system should have the opportunity to have their cases reconsidered.
2. The Claims Processing Department should receive a significant infusion of resources (adjudicators, training, working conditions etc.) in order to better serve the needs of the injured worker and be cost effective.
3. A pilot injury reduction project should be quickly planned and implemented under a joint WCB/OH&S task force to take advantage of the "window of opportunity" currently available because of the anomalies (i.e. the gap between actual required assessment rates) in the WCB assessment system.
4. The case management and rehabilitation proposals presented in "Shaping the Future" should be implemented on a test basis for selected cases.
5. A study of a wage loss compensation system, as proposed in "Shaping the Future," should be undertaken with a view to implementing a dual award wage loss system.
6. A progressive communication program should be adopted to provide for full exchange of views and input by injured workers, unions, employers and health professionals.

The reason for "prompt action" is that each of these recommendations is expected to have a major impact on WCB's ability to meet with the needs of injured workers and be cost effective. The need is particularly acute for the seriously disadvantaged injured workers because they have already endured an unsatisfactory situation for far too long.

Recommendations Requiring Normal Action

1. Steps should be taken to ensure that injured workers do not lose out either on Unemployment Insurance or Canada Pension Plan benefits as apparently occurs today.
2. Dependents' benefits should be considered by a special committee of major interested parties.
3. WCB coverage should apply to directors, employers, partners and proprietors on a compulsory basis as proposed in "Shaping the Future."
4. Maximum earnings and disability pensions should be indexed to an appropriate standard.
5. The WCB should convene a workshop of medical experts to review problems in treating back injuries and to develop a management protocol.
6. The current two level appeal system should be replaced by a single appeal to the new Appeals Commission.

7. A complaint/review system should be implemented to provide an informal mechanism for investigating complaints.

Some of the above recommendations are an outcome of the Task Force review and others were discussed at the public meetings. An opportunity for input by interested parties should be provided.

Recommendations That Should Be Deferred For The Present

1. The proposal in "Shaping the Future" for universal coverage.

Recommendations That Should Not Be Adopted

1. That appeals to the Appeal Commission be supported by an "acceptable reason" and that appeals have a time limit.
2. The the WCB establish a fund for unknowns.
3. That the assessment system be simplified and that the number of categories be reduced significantly.
4. That part of the investment portfolio be managed by external agents.

LIST OF PARTICIPANTS

EMPLOYERS

ADECO Drilling	Edmonton
Alpine Environmental Ltd.	Drayton Valley
Badger Drilling Ltd.	Calgary
Beaver Drilling	Edmonton
Bolton Tremblay Inc.	Calgary
Bow Woodcraft Ltd.	Calgary
Brelco Drilling	Calgary
Brockham Oil Well Servicing Ltd.	Edmonton
Buchanan Lumber Ltd.	Peace River
BURNCO Rock Products Ltd.	Calgary
Canada Packers Inc.	Edmonton
Canadian Forest Products Ltd.	Grande Prairie
Catalytic Maintenance Ltd.	Edmonton
CBR Cement Canada Ltd.	Edmonton
Champion Drilling Ltd.	Drumheller
Connelly & Company Mangement Ltd.	Calgary
Crystall Installations 1984 Ltd.	Calgary
Crystall Installations 1984 Ltd.	Calgary
Esso Resources Canada Ltd.	Calgary
Extendicare Health Services Ltd.	Toronto
General News	Lethbridge
Geosearch Drilling	Calgary
Gregg River Resources Ltd.	Hinton
Rex Grey Welding & Contracting Ltd.	Drayton Valley
Hi-Tower Drilling (Division of Bow Valley Resource Services)	Edmonton
High West Well Servicing	Drayton Valley
Hot Wheels Transport Ltd.	Drayton Valley
Inland Cement Ltd.	Edmonton
Jack's Hot Shot Service	Edmonton
LUSCAR	Hinton
E.J. McConnell & Associates	Calgary
Mullen Trucking	Calgary
Nova Corporation of Alberta	Calgary
Osborne's Forest Products Ltd.	Cremona
Otto Mobiles Edmonton (1984) Ltd.	Edmonton
Proctor & Gamble Cellulose	Grande Prairie
Purolator Courier Ltd.	Calgary
Red Arrow Drilling	Edmonton
Roll 'N Well Servicing Ltd.	Drumheller
S & T Drilling (Northren) Ltd.	Calgary
Sherritt Gordon Mines Ltd.	Edmonton
Skiing Louise Ltd.	Calgary
Smokey River Coal	Hinton
Summer Logging Ltd.	Fort McMurray
Syncrude Canada	Fort McMurray
Wellwood Forest Products	Hinton

EMPLOYER ASSOCIATIONS

Alberta Chamber of Resources	Edmonton
Alberta Construction Association	Edmonton
Alberta Forest Products	Edmonton
Alberta Hospital Association	Edmonton
Alberta Loggers Association	Hinton
Alberta Meat Packers Safety Council	Edmonton
Alberta Road Builders and Heavy Construction Association	Hinton
Alberta Truckers Association	Calgary
Automotive Retailers' Association (Alberta)	Edmonton
Canadian Chemical Producers Association	Edmonton
Canadian Federation of Independent Business	Edmonton
Canadian Manufacturers Association (Alberta Division)	Edmonton
Canadian Meat Council	Edmonton
Canadian Association of Oilwel Drilling Contractors	Calgary
Canadian Organization of Small Business	Edmonton
Canadian Petroleum Association	Edmonton
Coal Association of Canada	Calgary
Construction Owners Association of Alberta	Edmonton
Edmonton Builder Council	Edmonton
Industrial Association of Southern Alberta	Lethbridge
Industry Task Force on Alberta Workers' Compensation	Edmonton
Iron and Steel Safety Council	Calgary
Mechanical Contractors Association of Alberta	Calgary
Medicine Hat & District Personnel	Medicine Hat
Personnel Association of Edmonton	Edmonton
Recreational Vehicle Dealers Association	Edmonton
Retail Council of Canada	Edmonton

GOVERNMENT AGENCIES

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CHAMBERS OF COMMERCE

Medicine Hat
Calgary
Edmonton

CITIES/COUNTIES/TOWNS

City of Calgary
City of Edmonton
City of Red Deer
Strathcona County
Town of Taber

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College of Chiropractors of Alberta	Edmonton
Dr. Kenneth Corbet	Calgary
Drayton Valley Physiotherapy	Drayton Valley
Dr. Neils Damgaard	Calgary
Glenrose Rehabilitation Hospital	Edmonton
Dr. E. Lyle Gross	Edmonton
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Dr. William O'Callaghan	Edmonton
Dr. Charles Reasons	Calgary
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Victorian Order of Nurses	Edmonton
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Rosemary Batjinski	Calgary
Sheldon Bechkam	Viking
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Frank Bereznick	Edmonton
Rando Biasini	Edmonton
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Frank Blackhorse	Edmonton
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Mike Bonner	Calgary
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Eugene Cebryk	Edmonton
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Shirish Chotalia	Edmonton
Mohammed Chunera	Calgary
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Sheridan Dahlgren	Grande Prairie
Laverne Darr	Redcliff
Wayne Day	Medicine Hat
Wade Dayman	Edmonton
Abdul Deiab	Edmonton
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Judy Desmond	Calgary
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Calvin Fraser	Innisfail
Ross Frazier	Metiskow
Norman Freiberg	Edmonton
Siegfreid Fricker	Naksup
Teresida Fulgencio	Calgary
Lee Ganske-Kovaluk	Lac La Biche
Neil and Petra Garbe	Edmonton
Brian Gaudry	Edmonton
Georgina Gauchier	Edson
Gerry Gibeault, M.L.A.	Edmonton
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Manfred Lemke	Calgary

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Frank Luce	Bon Accord
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Jean Mackie	Calgary
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Mike Nykes	Calgary
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Al Pelletier	Drayton Valley
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Margaret Ratzoy	Edmonton
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Mark Reeves	Blackfalds
David Richards	Lethbridge
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Gerald Riehl	Drumheller
John Robinson	Edmonton
Larry Rocke	Edmonton
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Don Smith	Medicine Hat
Joseph Smith	Calgary
Malcolm Smith	Calgary
Fran Somerset	Calgary
Amelia Spanach	Edmonton
Muriel Stanely-Venne	Edson
B. Steele	Grande Prairie
Ken Stock	Red Deer
R. Straus	Calgary
Colleen Suhai	Grande Prairie
Sandra Sutton	Lethbridge
Ted Swanson	Edmonton
Sean Switzer	Drayton Valley
Darlene Taylor	Edmonton
Don Taylor	Edmonton
Sam Testawich	Hines Creek
Mario Tonizo	Calgary
Alex Topechka	Manning
Donald Toth	Taber
Mario Troncoso	Edmonton
Keith Unrau	Calgary
Augustino Valentini	Edmonton
Clayton Van Horne	Edmonton
A. Vesters	Lacombe
Peter Van Es	Calgary
A. Warshawski	Edmonton
Frank Waselenak	Edmonton
Sandra Webb	Edmonton
Gordon Webster	Calgary
Phil Wheeler	Calgary
Tom Wheeler	Calgary
Gordon Whelan	Calgary
Virginia Whittle	Calgary
June Wiltshire	St. Albert
Albert Wisla	Calgary
Paul Woo	Calgary
Charles Young	Lloydminster
Ernie Zaorziny	Edmonton

INJURED WORKERS ASSOCIATIONS

Alberta Injured Workers Association	Edmonton
Alberta Injured Workers Society	Edmonton
Association of Injured Workers	Calgary
Calgary Injured Workers	Calgary
Edmonton Injured Workers Association	Edmonton
Lethbridge & District Injured Workers Association	Lethbridge
Lloydminster & District Injured Workers Association	Lloydminster

MUNICIPALITIES

Alberta Urban Municipalities Association	Red Deer

OFFICE OF THE OMBUDSMAN

Aleck Trawick	Edmonton

UNIONS AND LABOUR COUNCILS

Alberta and N.W.T. Building Trades Council (North and South)	Edmonton
Alberta Federation of Labour	Edmonton
Alberta Union of Provincial Employees, Local 50	Calgary
Alberta Union of Provincial Employees Local 002	Edmonton
Alberta Union of Provincial Employees, Chapter 012/088	Medicine Hat
Alberta Union of Provincial Employees, Health and Safety Officer	Edmonton
Brotherhood of Maintenance of Way Employees	Calgary
Calgary & District Council of Carpenters	Calgary
Calgary Labour Council	Calgary
Calgary Provincial Council of Carpenters	Edmonton
Canadian Association of Firefighters	Edmonton
Canadian Union of Postal Workers, Edmonton Local	Edmonton
Canadian Union of Public Employees - Alberta President	Calgary
Canadian Union of Public Employees Local 2559	Fort McMurray
Canadian Union of Public Employees Local 2545	Fort McMurray
Canadian Union of Public Employees Local 8	Calgary
Christian Labour Association of Canada	Edmonton
Energy & Chemical Workers' Union	Edmonton
Fort McMurray Independent Oil Workers, Local 707	Fort McMurray
Fort McMurray & District Labour Council	Fort McMurray
Insulators Local 110	Edmonton
International Brotherhood of Boilermakers, Local 146	Edmonton
International Brotherhood of Electrical Workers, Local 424	Fort McMurray
International Union of Operating Engineers, Local 955	Edmonton
IWA - Canada, Local 1-207	Edmonton
Lethbridge and District Labour Council	Lethbridge
Letter Carriers Union, Local 14	Calgary
Letter Carriers Union, Local 15	Edmonton
Steel Workers of Medicine Hat	Medicine Hat
United Food and Commercial Workers, International Union, Local 373A	Lethbridge
United Mine Workers of America, District No. 18	Edmonton
United Nurses of Alberta	Edmonton
United Steel Workers of America, Local 7621	Hinton
United Steel Workers of America	Calgary
United Transportation Workers Union, Canadian Railway Workers Association, Local 1233 and Local 1122	Edmonton

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Appendix A
Injured Workers Survey

This survey was conducted independently by HSP Humanité Services Planning Ltd. for the WCB Task Force Review, between a period spanning June - October 1988.

APPENDIX A

SURVEY OF INJURED WORKERS

I. Introduction

The injured workers who appeared before the Task Force during the public meetings described their experiences and commented on many aspects of the WCB system. In order to benefit from this valuable source of information, the Task Force conducted a survey of these injured workers.

A total of 125 questionnaires was mailed to prospective respondents. Seventy-six completed questionnaires were returned, representing a 60.8% response rate. An additional completed questionnaire was received once data entry and analysis had commenced and was, therefore, not included with the responses. A copy of the questionnaire with raw scores is attached to this report.

II. Major Findings

1. Gender of Survey Respondents

	No. of Persons	%
Male	62	82
Female	14	18
	76	100

The majority (82%) of injured workers who replied to the survey were men.

2. Age Range of Respondents

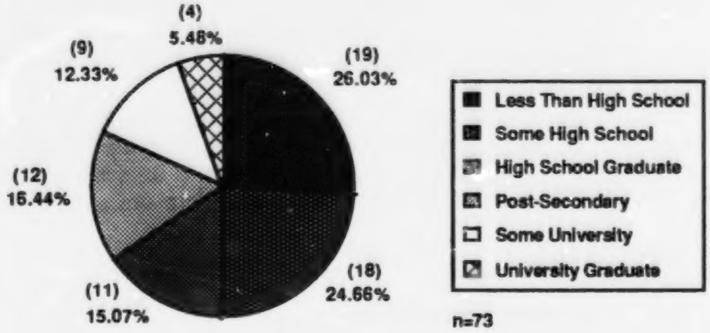
	Current Age Range		Age Range At First Injury (n=71)*		Age Range At Most Recent Injury (n=22)*	
Age Range	No.	%	No.	%	No.	%
Under 20	0	0	0	0	0	0
21 - 30	5	7	14	20	0	0
31 - 40	19	25	7	10	5	23
41 - 50	26	34	26	36	5	23
50+	26	34	24	34	12	54
	n=76	100	n=71	100	n=22	100

* Not all respondents provided this information.

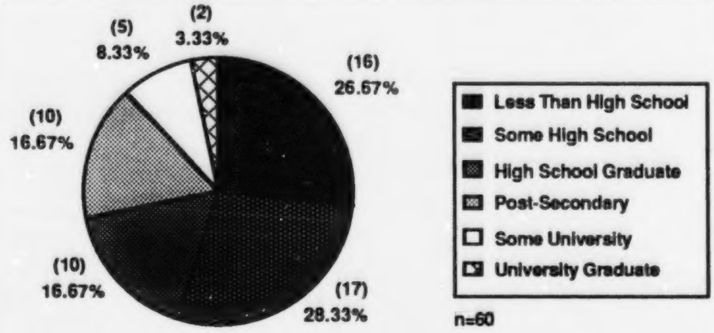
Injury on the job appears to be positively correlated with age. Most of the survey respondents (68%) are currently over forty years of age. Similarly, 24 (52%) of the 46 persons who reported back injuries are currently over 40 years of age. Of those who answered the question, most (70%) sustained their first injury at 40+ years. Those who provided information on their age at the time of most recent injury (22 respondents) indicated that most (77%) were also over 40.

3. Level of Education Attained by Respondents

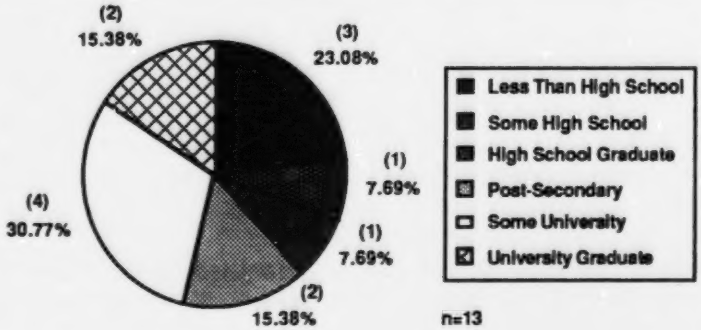
Persons who sustain injuries on the job are often at the lower end of the educational scale. Of the 76 people who responded to the survey, 73 provided information on their education. Of these, 51% did not graduate from high school, and about one-quarter did not receive any high school education. However, 34% did have at least some post-secondary and university education.



Level of Education: All Respondents



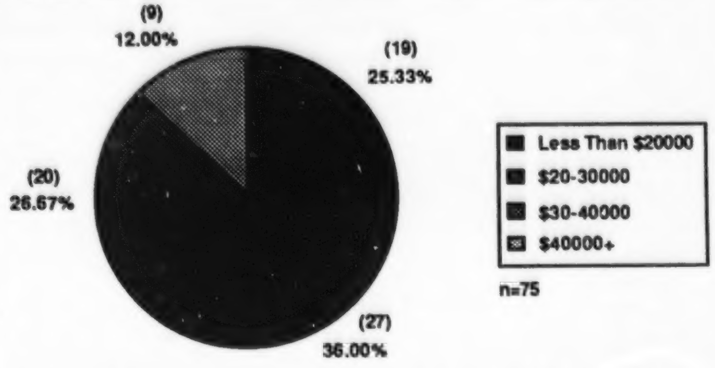
Level of Education: Male Respondents



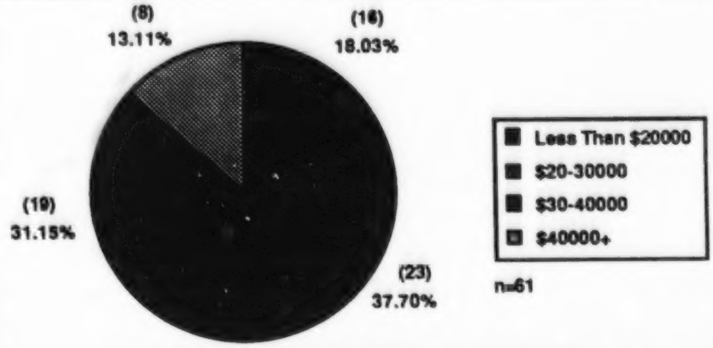
Level of Education: Female Respondents

4. Annual Income at Time of Last Injury

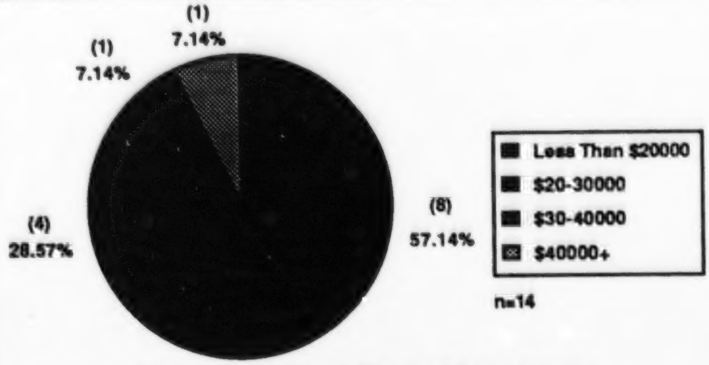
Of the 75 injured workers who answered this question, more had pre-injury earnings ranging from $20,000 to $30,000 than any other single income range. However, one-quarter of all respondents earned less than $20,000, and an almost equal number earned between $30,000 and $40,000. Data for men and women differ quite dramatically on this question. While most of the men's pre-injury earnings are concentrated in the $20,000 to $40,000 range, 57% of injured women were earning less than $20,000.



Annual Income at Time of Last Injury: All Respondents



Annual Income at Time of Last Injury: Male Respondents



Annual Income at Time of Last Injury: Female Respondents

5. Nature of Original Injury

Type of Injury	All Respondents No. of Persons	Male No. of Persons	Female No. of Persons
Back	46	38	8
Leg	16	14	2
Fracture	12	10	2
Arm	10	8	2
Pain	9	7	2
Neck	7	6	1
Head	5	4	1
Chemical	3	3	0
Hearing	3	2	1
Multiple Injuries	3	3	0
Arthritis	2	1	1
Hernia	1	1	0
Lung	1	1	0
Skin	1	1	0
Amputation	1	1	0
Asthma	1	1	0
Laceration	1	-	-
	122*	101	20

* The number of injury classifications exceeds the total number of persons surveyed because some respondents reported more than one type of injury.

A ranking of original injuries shows that back injuries are by far the most prevalent among both men and women. They account for 38% (n=122) of all reported injuries, and for 38% (n=101) of injuries reported by men and 40% (n=20) of those reported by women.

6. **Appeals to the CSRC and the Board** (n=76)

	No. of Persons	%
Appeals to CSRC	58	76
Appeals to Board	23	30

A majority of respondents (76%) appealed to the Claims Services Review Committee. 40% of this group subsequently appealed the decision of the CSRC to the Board. Eight respondents provided all dates relevant to the appeals process. For these eight persons, the average time lapse from commencing appeal to the CSRC to receipt of a decision from the Board was 24 months.

Since back injuries account for such a significant portion of total injuries, the remaining data analysis will include statistics pertinent to such injuries.

7. Occupation at Time of Injury

	All Respondents	**Males**	**Females**	**Back Injuries**
Occupation	No. of Persons	No. of Persons	No. of Persons	No. of Persons with Back Injuries
Construction	14	14	0	10
Maintenance/Security/ Inspection	10	9	1	0
Mechanic	7	7	0	3
Oilfield Work	6	6	0	6
Machinist	5	5	0	1
Welding	5	5	0	1
Nursing	5	0	5	3
Automotive Operation	5	5	0	5
Engineering	3	2	1	2
Bartending, Baker, Dietitian	3	1	2	2
Labourer	3	3	0	2
Heavy Equipment Op.	3	3	0	1
Meat Handler	2	0	2	1
Mining	2	2	0	1
Clerical	2	2	0	2
Management	2	2	0	1
Service & Repair	1	1	0	1
Milk Delivery	1	-	-	1
Steel Fitter	1	1	0	1
Letter Carrier	1	1	0	0
Assembly Work	1	1	0	0
Courier	1	1	0	0
Saw Operator	1	1	0	1
Cable Splicer	1	1	0	1
Hairdresser	1	1	0	0
	86*	74	11	46

* The number of persons exceeds the total number of persons surveyed because respondents had occupations that cover more than one type of work.

Most workers were injured while working in the construction industry, followed by maintenance/security/inspection work. While these data apply to men, 5 of the 11 women who responded were nurses at the time of their injury.

Most back injuries (22% of the reported 46) were sustained in the construction industry, followed by oil-field (13%) and automotive work (11%).

8. Cause of Injuries

Cause	No. of Injuries	No. of Back Injuries
Falls	28	26
Strains & Sprains	18	18
Lifting	13	13
Slips	8	3
Blows	8	6
Crushed	7	7
Motor Vehicle Accident	5	5
Pain	4	4
Environmental Conditions	4	2
Cumulative Wear & Tear	2	2
Repetitive Movements	1	0
Gun Shot	1	0
Electrical Shock	1	0
	100*	86*

* These numbers exceed the total number of persons surveyed because some respondents reported more than one cause of injury.

Most injuries (28%) were caused by falls, which also caused most of the reported back injuries (30%). Strains and sprains accounted for 18% of all injuries, and for 21% of back injuries. A third leading cause of injury was lifting, which resulted in 13% of all injuries and 15% of the back injuries.

9. Effect of Injuries on Family Relationships (n=68)

	All Respondents				Back Injuries			
	Total	%	Male	Female	Total	%	Male	Female
No. of families together before injury	60	88	49	11	38	56	32	6
No. of families currently together	38	56	33	5	22	32	21	1
Change attributed to injury	16	-	13	3	9	-	7	2

Of the 68 people who responded to this question, 60 or 88% reported that their families were together before their injury. At the time of the survey, only 38, or 56%, of respondents' families were still together. Sixteen people (or 73% of those with broken families) attributed the change to their injury.

Thirty-eight people (56% of the 68 respondents) who reported on their family status had back injuries. Sixteen of these suffered family breakdown, of whom 9 (56%) attributed their loss to their injury.

10. Earning Ability Interrupted (n=76)

	All Respondents		**Respondents with Back Injuries**	
	No. of Persons	%	No. of Persons	%
Persons who had earning ability interrupted	74	97	43	93
Persons with permanent interruption	62	81	35	76

Almost all respondents (97%) experienced an interruption in earning ability as a result of their injury. Similarly, of the 46 people who reported back injuries, 43 (93%) experienced an interruption.

A large percentage of both groups also stated that their earning ability had been permanently interrupted: 81% of **all** respondents and 76% of the back injury group. It is assumed that "permanent interruption" has been interpreted by respondents to mean that their future earnings would be less than their income would have been had they not been injured.

11. Profile of Workers Not Returning to Work

(i) Expectations Regarding a Return to Work

	All Respondents			**Back Injuries**		
	No. of Persons	M	F	No. of Persons	M	F
Expecting to Return	16	15	1	9	9	0
Not Expecting to Return	43	34	9	23	19	4

(ii) Persons Not Expecting to Return to Work and Receiving a Disability Pension

All Respondents Total No. of Persons	M	F	Back Injuries Total No. of Persons	M	F
18	16	2	13	12	1

(iii) Average Disability Pension Rate

For all Respondents	M	F	For Back Injuries	M	F
15%	16%	5%	11%	12%	5%

(iv) Education of Those Not Returning to Work

	All Respondents			Back Injuries		
	Total No. of Persons	M	F	Total No. of Persons	M	F
Less than High School	14	11	3	6	5	1
Some High School	10	9	1	4	4	0
High School Graduate	5	5	0	5	5	0
Post-Secondary	6	4	2	4	3	1
Some University	4	3	1	3	2	1
University Graduate	1	0	1	0	0	0
	40	32	8	22	19	3

(v) Pre-Injury Salary of Those Not Returning

	All Respondents			Back Injuries		
	Total No. of Persons	M	F	Total No. of Persons	M	F
Less than 20,000	12	6	6	4	2	2
20 - 30,000	15	13	2	9	8	1
30 - 40,000	14	13	1	9	8	1
40,000 +	2	2	0	1	1	0
	43	34	9	23	19	4

(vi) Those Not Returning Who Have Received Vocational Rehabilitation

All Respondents			**Back Injuries**		
Total No. of Persons	M	F	Total No. of Persons	M	F
21	20	1	4	4	0

The information regarding the respondents who do not expect to return to work (57% of the 76 people who replied to the survey) is not encouraging. Of the 43 people not expecting to return (23 have back injuries), only 42% are currently receiving a disability pension (30% of persons with back injuries **and** not returning are receiving a pension). The average pension disability rate is 16% for all men in this group (12% for men with back injuries). Each of the two women not expecting to return (one with a back injury) is receiving a 5% pension. Most people had pre-injury earnings ranging from $20 - $40,000.

Of the 40 people who are not expecting to return to work **and** who answered the question on education, 60% did not graduate from high school. Regarding persons in this group with back injuries, 45% did not complete high school. 49% of the total group not expecting to work (17% of back injuries) did receive Vocational Rehabilitation.

12. Continuing Treatment for Back Injuries

(i) Overview

	Total	Male	Female
Total Back Injuries	46	38	8
Still Receiving Treatment	32	25	7
Still Receiving Treatment **and** attended Rehab Centre	26	24	2

(ii) Accident Dates for Those Persons with Back Injuries who are Still Receiving Treatment

	First Injury Dates	Second Injury Dates	Third Injury Dates
Males	11/01/78 12/14/79 05/13/82 08/01/83 08/01/84 09/01/84 06/01/85 07/01/85 04/01/86 05/31/86	07/01/85 07/01/87 08/01/87 10/01/87 08/01/88	05/01/78 06/01/83 01/01/84 06/01/84 04/01/85 12/06/85 02/01/86 12/01/86 07/01/87
Females	08/08/63 09/01/72 10/01/83 05/01/86	08/13/85	04/01/87 02/01/88

Back injuries can result in treatments of long duration. For example, one woman injured in 1963 reported that she is still receiving treatments. Other instances include a woman who was injured in 1972 and two men injured in 1978. Most people reporting back injuries are still receiving treatment (70%).

13. Positive Comments About WCB Operations

Part 6 of the questionnaire asked respondents to identify the positive aspects of how the WCB dealt with their cases. Thirteen respondents did not answer the question, and another 35 respondents either stated they they had no positive comments or provided very negative observations of the WCB. Thus, 63% did not provide positive statements.

Respondents who did answer the question generally commented on three positive aspects of the WCB. First, a number of respondents noted how helpful, supportive and understanding individual staff members were. Individuals were named, as were Rehabilitation Centre and Psychology Department staff and claims adjusters. One respondent remarked that, individually, staff members are concerned and willing to assist, but "the system does not allow them to do what they know is morally proper."

Another consistently positive comment was that payments of disability benefits were sent promptly, regularly and on schedule. A third observation by a number of respondents was that claims at the time of initial injury were processed properly, promptly and quickly. These statements were made with regard to minor injuries of short duration. However, a number of workers commented to the effect that, once the seriousness of an injury was recognized, "the WCB were absolutely negligent."

14. Comments About Future WCB Operations

Almost every respondent had thoughts and suggestions on how the WCB could improve the way in which it offers its services. A number of the more common suggestions are listed below. However, this list is not exhaustive since most workers responded to the question in some detail.

A Sample of Respondents' Recommendations:

- Workers should be allowed to sue the employer.
- Workers should be allowed to sue the WCB.
- Workers should not be arbitrarily cut off from benefits without cause or explanation.
- Payments should continue while workers' files are being reviewed.
- Claims Department & Vocational Rehabilitation should work together to help injured workers return to work.
- Claims decisions should be based on date of most recent injury.
- Privatization of WCB under government regulation.
- The WCB should be independent of government.
- Faster claims processing and receipt of compensation are required.
- Injured workers must be treated "humanely and fairly."
- Injured workers should have easy access to their files any time.
- The filing system should be changed, because files are lost "in transit."
- The appeals process is too long, and appeal decisions should be made public.
- Pension and compensation for temporary disability should be based on real income.
- Non-medical WCB personnel should not be allowed to over-rule physicians' recommendations.
- Adjudicators must be accessible and polite to workers.

- Job sites should be inspected for safety.
- Disability payments should include employment benefits.
- Better communication between WCB departments is required.
- More and better vocational rehabilitation is required.
- Only one adjudicator should be assigned to each injured worker.

INJURED WORKERS' SURVEY

TASK FORCE REVIEW ON THE WORKERS' COMPENSATION BOARD

PART 1: INDIVIDUAL PROFILE

Name ....

Address .... Postal Code ....

Marital Status			Age					Sex	
Single	Married	Other	Under 20	21 - 30	31 - 40	41 - 50	50+	M	F
11	53	12	0	5	19	26	26	62	14

Number of Dependents (spouse and children) ....

Education Level					
less than high school	some high school	high school graduate	post secondary	some university	university graduate
19	18	11	12	9	4

PART 2: QUESTIONS ABOUT YOUR INJURY

1. Please describe the nature of the original injury that you sustained at work that contributes to your current problem.

2. Please describe any subsequent work related injury that you have experienced since your original injury?

3. What was your type of work when you received the injuries?

4. Briefly describe the cause of your injuries.

5. Date of injuries.

Month Year   Month Year   Month Year

All information will be kept in strict confidence by the Task Force Review. Responses will not be attributed to individual respondents.

PART 3: QUESTIONS ABOUT YOUR MEDICAL TREATMENT

(Please check the appropriate box)

				YES	NO
6.	a.	Did you go to hospital as a result of your injuries?		58	17
	b.	If yes, were you:	1. Treated in emergency?	38	11
			2. Admitted to hospital?	41	10
7.	a.	Did you have to be re-admitted to hospital for further treatment?		37	25
	b.	If yes,	i) How long after your initial injury?		
			ii) Did treatment include surgery?	31	21
			iii) Was treatment delayed because of availability of hospital or specialist services?	22	31
8.		If you did not go to hospital were you under a Doctor's care as a result of your injury?		47	1
9.		Did you have to return to a Doctor's care for further treatment after your initial injuries had been treated?		69	5
10.	a.	Are you presently under a Doctor's care?		68	6
	b.	If yes, does your treatment include:	i) Therapy	38	13
			ii) Medication	54	6
			iii) Other (please describe below)	25	3

....

....

PART 4: QUESTIONS ABOUT YOUR CONTACT WITH THE WCB

			YES	NO
11.	a.	Were/are you on temporary full disability?	60	11

b. If yes, please provide the dates

From .... M Y To .... M Y

From .... M Y To .... M Y

From .... M Y To .... M Y

			YES	NO
12.	a.	Did you attend a WCB Rehabilitation Centre?	40	35
	b.	If yes, do you feel that the treatment you received there was beneficial to your recovery?	8	37
13.		Did you appeal the WCB decision on your claim?	58	11

14. a. If yes, please provide Claims Review Committee date

Filed .... M Y Decision .... M Y

b. Why did you appeal?

....

....

c. Please provide Board of Appeal date

Filed .... M Y Decision .... M Y

		YES	NO
d.	Were you satisfied that the decisions rendered were a fair and impartial judgement of the issues of your appeal?	6	44

All information will be kept in strict confidence by the Task Force Review. Responses will not be attributed to individual respondents.

PART 5: QUESTIONS ABOUT YOUR SITUATION

(Please check the appropriate box)

The following questions relate to the consequences of your injury on your personal and family life. Please omit questions which are not relevant.

	YES	PARTIALLY	NO
15. Was your family together before the injury?	60	2	6
16. Is your family together now?	38	12	18
17. If your family was together before the injury and is *not* now do you attribute the change to your injury?	16	8	8
18. If your family was not together before the injury and *is* now, can the change be attributed to your injury?	1	2	14

	Less than 20000	20-30000	30-40000	40000+
19. What was your annual income at the time of your last injury?	19	27	20	9

	YES	NO
20. Was your ability to earn an income interrupted because of your injury?	74	2
21. If yes to *Question 20* is that interruption permanent?	62	8
22. a. Are you receiving a permanent partial disability pension from WCB?	33	40
b. If yes, what is the percent (%)		
23. If yes to *Question 22a* is it reasonable compensation to purchase necessities?	1	37
24. Are you receiving any financial assistance from Social Services?	20	56
25. Are you back at work now?	9	67

	Less than 20000	20-30000	30-40000	40000+
26. If yes to *Question 25* is your income	11	0	2	0

	YES	NO
27. If yes to *Question 25* is it to the same type of work?	1	17
28. If no to *Question 25* do you expect to return to work?	16	43

If no, why not? ....

....

	YES	NO
29. If you are not at work now, but expect to go back to work will it be to the same type of work?	5	45
30. Have you received any vocational rehabilitation to assist you in changing your type of work?	21	49
31. If yes to *Question 30*, was it effective?	4	19

32. If no to *Question 30*, please explain why, and whether further assistance has been requested or offered.

....

....

All information will be kept in strict confidence by the Task Force Review. Responses will not be attributed to individual respondents.

PART 6: POSITIVE COMMENTS ABOUT WCB OPERATIONS

Please identify positive aspects about how the WCB dealt with your case.

PART 7: COMMENTS ABOUT FUTURE WCB OPERATON

Please will you provide me with your thoughts and suggestions about how WCB could improve the way in which it offers its services?

I would like to thank you for your response to this questionnaire. Your information will provide a valuable part of my review.

Thanking you,

Vern Millard

All information will be kept in strict confidence by the Task Force Review. Responses will not be attributed to individual respondents.

Appendix B

Summary of Seven Injured Workers

APPENDIX B

SUMMARY OF SEVEN INJURED WORKERS

The following profiles of injured workers were compiled from the information contained in the transcripts of the Task Force hearings. Two of the injured workers were also interviewed by the writer of the profiles, a staff member at Humanité Services Planning Ltd. The last names of the injured workers have been changed to protect their privacy.

Shannon is a young nurse whose life has not been the same since she sustained a back injury at work two years ago. Her nightmare began on October 7, 1986, and today her future remains in limbo. After her original injury, Shannon was referred to the WCB where she received physiotherapy treatments, followed by bi-weekly visits to the orthopedic specialist. She had been diagnosed as having a soft tissue injury. Although she did not feel capable of returning to her duties, she was declared fit for work by the WCB physician and had to resume full-time employment on February 6, 1987.

She suffered chronic back pain and her job became her life – after finishing her shift, Shannon went home to rest so that she could work again the next day. She lived in constant fear of another injury. On April 28, 1987 it happened again. This time she had to have complete bed rest and even spent a week in hospital. Despite the rest and the treatments, her back did not improve. Being a nurse, she felt that she had more than just a soft tissue injury, but no one would believe her. The x-rays showed nothing, but Shannon persisted: "I can't tell you how many times I talked to my physiotherapist, I talked to my claims adjudicator, I talked to the doctor about having a CAT scan ... but that didn't happen." Instead, the WCB orthopedic specialist reported that she was exaggerating her symptoms and again discharged her from the Rehabilitation Centre on October 28, 1987 as fit for sedentary to light duties.

Shannon knew that she was not capable of returning to her nursing duties. To do so would mean risking another injury and going through the whole painful process again. Her frustration was mounting because no one would listen to her; no one would believe the pain she suffered. She had met a number of people at the WCB who were sympathetic and helpful, but they did not have the authority to make decisions. Those who made the decisions terminated her compensation for the period between December 15, 1987 and March 15, 1988 because they felt she was capable of working.

Meanwhile, Shannon took matters into her own hands. She consulted with her own physician in Camrose, who referred her to a different orthopedic specialist who prescribed a CAT scan. As she suspected, the CAT scan did show "something else," a herniated disc. Letters from her two physicians to the WCB resulted in the reinstatement of her compensation, but she had already sold her car to sustain herself during the three-month interim period.

On May 24, 1988, Shannon underwent surgery to remove the herniated disc. Although she has recovered from the surgery, she knows now that she will never be able to return to her previous duties without risking even more severe injuries. Unless she receives further training in public or occupational health nursing, Shannon will never again be able to work in her chosen profession.

The retraining option seems to be a simple solution, but remains beyond Shannon's grasp because she cannot convince her WCB case manager that retraining, which would free her from dependence on the WCB within two years, would be the most sensible alternative. The other option, taking a lower-paying job which does not depend on her specialized skills, would require the WCB to pay an earnings loss supplement indefinitely. Even though her general practitioner in Camrose and the orthopedic specialist both wrote letters to the WCB recommending that she be a candidate for retraining, her case manager remains unconvinced.

Shannon still does not know what will happen to her. She cannot set any goals for herself, because she is waiting to be called back to the Rehabilitation Centre for an assessment of her capabilities and limitations. Their recommendation will determine her future. However, she is certain of one thing. Her experiences following her injuries have changed her: "You don't feel the same about yourself, because you're not the same." She likens her injury to a "cry wolf syndrome," the pain being the wolf, because no one sees it and, therefore, no one responds appropriately. In low moments Shannon feels that the only other option is to choose not to live. But she is still resilient. She remains firm in her conviction that "there's got to be someone to help."

I. Calvin Brown is 55 years of age and had expected to work another ten years. However, he currently has no source of income and is grateful that his wife has part-time employment. If it weren't for her income, Calvin and his wife would probably need to rely on social assistance, an option they do not wish to consider.

December 19, 1986 is a date the Browns remember well, because it marked the end of Calvin's 35-year career as a heavy equipment operator. In fact, that day marked the end of Calvin's ability to earn a living, because he permanently injured his back on the job. Subsequent medical examinations and x-rays have diagnosed his condition as degenerative disc disease and severe osteoarthritis resulting not only from this most recent injury, but also from back injuries sustained in 1962 and again in 1978. He feels that neither of the earlier injuries healed properly, because he was sent back to work too soon.

Following the 1986 injury, Calvin relied on his wife's part-time income because he did not receive compensation until April,1987, four months after his injury. He was referred to the Rehabilitation Centre by three physicians, but received no treatment there. In fact, no treatment was indicated, because physiotherapy could only relieve the pain but not improve Calvin's back. His only treatment option was, and still is, surgery, but there are no guarantees. The surgery could worsen his condition, and there is only a 50/50 chance that it would be beneficial. The doctors did not recommend that Calvin take this risk.

As no corrective action was feasible, the WCB advised Calvin that he could no longer operate heavy equipment and should seek work within his capabilities. Calvin therefore qualified for on-the-job vocational training in sales, for which he was paid and his employer was subsidized. Again, Mrs. Brown's income was needed, because Calvin's wages amounted to approximately $400 per month. Furthermore, he was not reimbursed for the use of his own vehicle while carrying out his duties. The work, which involved some lifting, was also hard on his back, so Calvin decided to resign rather than risk further injury. He held the job from September,1987 to February,1988.

The WCB did not provide Calvin with compensation after he quit, because they felt he had left his job voluntarily, without just cause. They maintained that he was capable of working. The WCB doctors who subsequently conducted a final medical examination also concluded that he could work because, in their opinion, Calvin only had a 5% disability. However, another physician submitted a report to the WCB stating that Calvin had a 30% disability and was no longer able to work regular hours. He recommended that Calvin be self-employed so that he can work on a flexible schedule, which would allow him to take frequent rest periods.

Calvin is confused and states that he does not understand how the doctors arrived at their decisions. Why does the final report say he is fit for work, when the x-rays provide evidence of his deteriorated condition? He is even more confused by the Pension Board award of $14,000.00, which he received during the summer of 1988. He does not understand the letter which accompanied the award, and wonders if this amount is all that he will receive from the WCB.

Mrs. Brown says that she gets so angry, because she does not know what will happen from one day to the next. She has tried to write letters, but does not know what to write. Because her wages from part-time work are all that they have now, she must be careful with what they buy and how much they spend. She is relieved that the children are grown and no longer dependent on her husband and herself.

He said it was a miracle that he lived. Four years ago, in June, 1984, Myron was crushed by an improperly working forklift. As a result, the former steam engineer suffered multiple injuries, including internal and head injuries, broken bones, and a crushed foot. At the time of the Task force hearing, Myron still had problems with his back and nervous system. His apparent confusion and sometimes incoherent statements affirmed his "clumsiness" and difficulties with coordination. However, he stated that his speech was much better than it had been, because he and his wife had worked hard at retraining him.

Myron returned to work in September, 1984, but after two years his injuries got the better of him. While he was working, he experienced progressively greater difficulties with his health, particularly with coordination and orientation and, additionally, with stress and fatigue. Finally, in November, 1986, his employer referred him to the WCB because his confusion and disorientation made it dangerous for him to work with the machinery.

While he was on compensation, doctors examined Myron and recommended a rehabilitation program. He was pleased with this recommendation, because he wanted to be well and able to work again. The WCB, however, did not deem such a program necessary and, one year later, declared Myron fit for work. He turned to his previous employer, but the company refused to hire him again, nor would others in the industry. They felt it was still too much of a risk for him to be working with the machinery. To make matters worse, Myron's compensation was discontinued on January 1, 1988.

Myron had to fend for himself. He underwent therapy at his own initiative and expense, and at the time of the hearing, he was attending a rehabilitation program recommended by Canada Manpower. At the Employment Preparation Centre he was tested and trained through "meaningful work, but no pay." Nevertheless, his counsellors at Manpower, the Alberta Career Centre, and the Employment Preparation Centre were "terrific people."

He would not admit defeat, because he harboured one last hope: retraining by means of a two-year rehabilitation program at Mount Royal College. He passed the entrance exam and, out of three hundred applicants, Myron was accepted. However, he had to find funding to attend. The WCB would not help, because Myron's counsellor stated that he would not be able to meet the challenges of the program. Nevertheless, the counsellor maintained that Myron was capable of returning to work.

At the time of the hearing, Myron said he was in "limbo," but seemed determined to pursue the college retraining option. Canada Manpower would fund him for one year, and he was looking into a bursary for the second year. The WCB said that they might reinstate his compensation, "only for maybe a month or two," but he was still waiting for a decision. Essentially, his life was "on hold" and he seemed to feel helpless and powerless in the face of his lingering disability. Perhaps Myron's own words best convey his frustration with what had become of his life: "So, you know, like I seem to have not many freedoms. I can't [even] get life insurance and it seems like it's worse than being in jail. ... Like I don't have rights and I just can't get anywhere because of this injury and it's not my fault. I need help and I'm not being given it."

IV. When Joe appeared before the Task Force during the public hearings, he was virtually without a source of income. He no longer qualified for WCB compensation, which was to be discontinued within two weeks, and both Social Services and the UIC denied him benefits, because they felt he was the WCB's responsibility. Joe was desperate, for he had a wife and four children to support. His last hope was to appeal the Social Services Department's decision.

Joe had enjoyed a good income for 25 years as an autobody repairman and painter. But all that ended in March of 1985 when he was laid off because of his illness. From the many years of exposure to isocyanate, a chemical in car paint, Joe had developed vision and respiratory problems, as well as sensitivity to many chemicals. He could not return to his occupation, but lacked the education and experience required for other jobs paying the high wages he had received previously.

Initially Joe was quite satisfied with the assistance provided by the WCB. While has was undergoing rehabilitation, his counsellor suggested security work, which appealed to Joe. He participated in a training program, was certified as a Protection Officer, and found work paying $7 per hour. Since his pre-injury earnings were substantially higher, the WCB supplemented Joe's earnings with $1,238.84 per month. He was content with this arrangement and felt that his problem had been solved.

However, after two years of security work, Joe began receiving regular monthly telephone calls from various WCB employees. They maintained that he should not continue to receive the subsidy, because his wages were not increasing to his previous income level of $40,000. No one at the WCB had told Joe that his earnings supplement was only temporary, nor that they expected his wages as a security officer to reach his pre-injury income level. Since Joe did not have a pensionable condition, the WCB advised him to seek employment offering higher wages. If he did not, his supplement would be terminated.

The WCB recommended that Joe work as a carpet layer, since he had some experience with this type of work. Again, Joe followed the WCB's advice, but he had violent reactions to the glue and became ill for three to four days at a time. Unable to continue with his job, he searched for work through the Technical Services Council but found that his lack of experience in other fields was a major roadblock. Finally, he was offered a job as an auto trim mechanic with a car dealership. However, the prospective employer requested a letter from the WCB stating that any further claims by Joe would be recognized under his previous claim. Although the WCB agreed to this request verbally, they initially did not agree to write a letter. When they finally did write, the $15 per hour job had been offered to someone else because the WCB took "two or three weeks" to process the letter.

No longer eligible for compensation, Joe faced his bitter fate alone when he appeared before the Task Force. He even changed the date for his hearing, because he had to appeal the Social Services Department's decision. Entirely without fault, and because he had followed the advice of the WCB, Joe was reduced to pleading for social assistance.

V. Although Steve was the injured worker, his wife also appeared before the Task Force. Not only did she provide moral support, but she had kept the correspondence and careful records of all the dates pertinent to her husband's injury. When Steve was at a loss for words, she assisted, because Steve was not the only one affected by the back injury.

Steve slipped and injured his back on March 11, 1987 while digging a ditch for his employer. Afraid that he would be laid off from his job, Steve did not report the accident. He explained by citing instances when (1983/84) he and other workers had been laid off or fired following an injury and compensation claim. Approximately three weeks later, when the pain made it very difficult for him to work, Steve mentioned the accident to his foreman. The foreman refused to believe him. In approximately another three weeks Steve's pain became so severe that he visited the hospital emergency department. He had to stop working, and his employer gave him a leave of absence without pay.

Steve was without any income for approximately nine months, because the WCB had to determine whether his injury did, in fact, occur on the job. His foreman denied having been notified about the accident, but a witness to the accident finally came forward. Steve eventually received retroactive compensation in January, 1988, at which time he also returned to work. However, his injury made it difficult for him to perform the "roadside work," and after two weeks he was granted another leave of absence.

After recuperating, Steve was again able to return to work (on April 5, 1988), but by May 6, he and a number of other men were laid off. The last event caused Steve and his wife the most distress, because he was not eligible for either WCB compensation or UIC benefits. At the time of the hearing, Steve had no source of income, and his only hope was to pursue WCB compensation, because he was still not well enough to perform all of his regular duties. However, this time he had no guarantee of his eligibility.

Steve and his wife were very upset, but they did not fault the WCB for his misfortune. He had always received the compensation to which he was entitled, even if it was retroactive. Instead, their anger was directed at the employer, who seemed to have a policy of laying off or firing workers injured on the job. Both were certain that Steve had also become a victim of such tactics, because most of the other men who were laid off with him in May, 1988 had been re-employed within ten days. Steve, on the other hand, was informed that no work would be available for sixty days. He seemed to think that the company had no intention of rehiring him.

VI. Mrs. Lee appeared at the hearing with her son and a union representative, because she spoke very little English and did not understand what was happening to her. In fact, the union representative spoke on her behalf and had assisted and advised her since she had injured her back hoisting a heavy box onto a pallet in a meat plant.

After her injury on September 24, 1988, Mrs. Lee received treatment at the Rehabilitation Centre until February of 1987, when she was declared fit to return to work. Unfortunately, she could only perform light duties and lacked sufficient command of English for clerical work. She was, therefore, not able to work for her former employer, nor was she able to find suitable work elsewhere. She applied for funding to attend English classes, but the WCB denied her request. To add to her problems, the WCB sent a letter pronouncing Mrs. Lee totally disabled, and yet fit for "suitable employment."

In order to clarify this contradiction, the union representative initiated what would be a lengthy and frustrating appeal process. Mrs. Lee's first appeal was sent to the Claims Department on August 24, 1987. After being denied compensation, she appealed to the Claims Services Review Committee on November 20, 1987. She finally received a decision 5 1/2 months later when, on May 2, 1988, she was notified that her appeal had been denied again. The final avenue of appeal was to the Board. A decision had not yet been received at the time Mrs. Lee appeared before the Task Force. Still unemployed, she was receiving physiotherapy treatments twice a week and was taking medication for pain.

During the long appeal process following her rehabilitation, Mrs. Lee's major problem was locating a source of adequate income. Canada Pension and UIC sick leave payments were denied. She therefore applied for what was considered her last resort, long-term disability payments through an insurance plan at her former place of employment. She was granted these payments; however, at $365.91 per month they were insufficient. The insurance company based its award on the expectation that Mrs. Lee would also receive Canada Pension Plan benefits (she had filed an appeal with CPP). If she were to receive WCB compensation, she would be required to reimburse the insurance company.

Somehow Mrs. Lee kept "falling through the cracks." No agency assumed responsibility for her, and yet she was unable to help herself. She was fortunate that the union representative was there to guide her through the intricacies of the system. However, Mrs. Lee did not reveal how the ordeal affected her personally.

VII. Occasionally the wives of the injured workers also appeared at the hearings. While they may have been a source of moral support for their husbands, they were often the ones who kept the documentation related to their husbands' injuries. In John's case, his wife June stepped forward first and spoke on his behalf. She had dealt with his back injury since 1973 and had also suffered a great deal. When John and June appeared before the Task Force, his WCB pension award had still not been sorted out, and they were struggling to support a family on $968 per month. Their story is long and complex but is told in detail to show how much their lives were affected by John's injury.

John's troubles date back to October, 1973 when he worked as a carpenter and injured his back while unloading lumber. This injury marked the beginning of a long decline in John's health and ability to earn a steady wage. He required surgery to fuse his bottom three vertebrae, and by July of 1974 he was able to return to work. He received a 10% back disability pension at that time.

John's condition deteriorated, and in October, 1978 corrective surgery was performed for the same injury. He stated that this surgery contributed to a further decline in his condition, because some of the fluid injected for a myelogram remained in his spine. X-rays had shown that his severe headaches resulted when the fluid floated to the top of his spine. He subsequently received an additional 25% back disability pension.

Following that surgery, John returned to work in March, 1979 and continued until April, 1983. At the time he developed stomach problems and was diagnosed as having a hernia, for which he underwent surgery in June, 1983. He was not eligible for WCB compensation during that period but received UIC benefits for three months. In order to qualify for WCB benefits, John returned to work for a week in September, 1983 and had further back surgery on September 25, 1983. After that, he received full compensation and spent three months in the Rehabilitation Centre, beginning in July, 1984.

John did not understand why his rehabilitation treatments were suddenly discontinued after he informed his WCB physician that his employer was willing to offer him work again. His therapist felt that he was not ready for employment, but he was forced to return to work in October, 1984 because his compensation was discontinued. He tried to work, but his back problems were so severe that he had to quit in the spring of 1985. He found new employment managing a laundromat from April, 1985 until May, 1987 when he was no longer able to repair the machinery. He subsequently received compensation from September, 1987 until March, 1988.

On March 7, 1988, John received a letter from the WCB informing him that his file "was transferred to Section 59" and that, since the loss of his earnings was likely to be permanent, he qualified for an allowance to supplement his pension. His disability award amounted to $274.34 and his supplement for the period commencing March 1, 1988 was $694.93, totalling to $968.57 per month. John and June were satisfied with the award because, when supplemented with Canada Pension benefits, it would be enough to support their family. However, they were distraught when they learned that the WCB would subtract any CPP benefits from their pension. What remained would not be enough to sustain them. Since John's disability award had been determined by his first injury in 1973, he appealed to have it upgraded. At the time of the hearing, nothing had been confirmed in writing.

Not being certain that they would be able to support their family was distressing, and the long wait for a decision made the situation almost unbearable. June spoke for both of them: "But I think the hard thing is that you sit on the phone and you phone and you phone and you get to the point where you're just about ready to cry. And they will put nothing in writing. You just sit and wait and maybe next month..."

Appendix C

Summary of four cases in which the worker received a Permanent Partial Disability Pension, but had incurred minimum earning loss or long term physical impairment that affects life style.

APPENDIX C

Four Cases Where the Current Disability Pension System Appears to Have Overcompensated Injured Workers

1. One of the drilling companies filed details about an employee who was not wearing his safety glasses and whose eye was injured by a small piece of steel. The steel was subsequently removed during an operation, and the final outcome was a slight reduction of vision in one eye. The worker was provided with a pair of corrective glasses, which he allegedly does not wear. He missed nine days of work, but his income was guaranteed by the company. The injured worker received $64,000.00 as a lump-sum payment, based on the impairment schedule and his pre-injury earning level.

2. A worker incurred a separated shoulder which was repaired surgically. He resumed work with no impairment which was visible or known to management. The individual was awarded a lump sum pension of $25,715.00.

3. An employee incurred a sprained ankle in 1983 but missed no work time. In 1985 the employee was laid off. In 1987 he filed a WCB claim and was awarded a lump sum pension of $12,000.00. Subsequent to the injury in 1983 the individual had worked some 30 months for the employer with no impairment being visible or known.

4. A Ski Instructor fell and twisted her knee while free skiing (on her way to work). She missed 2 afternoons of work and an additional 3 days to visit a doctor. She was and still is a proficient skier. She is still with the same employer. Her injury had no impact on her ability to do her job or on her career or earning power.

   In 1986, the WCB paid her $1,437.22 which may have included medical payments. She was then awarded a pension of $67.50 per month and less than a year later she received an 8% raise in pension to $73.00 per month. Total pension payments amounted to $1,292.00. In September of 1987, she was paid a lump sum of $19,308.40 instead of her $73.00 per month pension. In January of 1988, she was promoted by her employer and paid a higher salary. She then received an additional lump sum of $5,167.00 from the WCB. In total, she has received at least $24,500.00 from the WCB while continuing to earn her full wage.

Appendix D

Comparison of 1988 Actual Assessments and Required Assessments for the Thirty Industries with the Greatest Discrepancies.

APPENDIX D

	INDUSTRY	ASSESSMENT RATE		PAYROLL	ASSESSMENT		
		Req.'d	1988		Req.'d	Actual	Shortfall
				Million $		Thousand $	
40,401	Construction Houses	6.53	4.14	127,729	8,341	5,288	3,053
50,701	Heavy Industrial Trucking	10.58	6.98	77,719	8,223	5,425	2,798
82,100	Hospitals	.74	.48	977,294	7,232	4,691	2,541
40,606	Oper. Heavy Equipment	6.09	4.60	164,124	9,995	7,550	2,445
10,100	Meat Packing Plants	6.98	4.56	85,667	5,980	3,907	2,073
50,714	Interprovincial Trucking	5.07	3.89	156,691	7,944	6,095	1,849
50,607	Railway Transport Services	2.31	1.75	283,117	6,540	4,954	1,586
87,501	Restaurants and Takeouts	1.14	.78	384,062	4,378	2,996	1,382
82,808	Auxiliary Hospitals & Nursing Care	1.82	1.11	191,836	3,491	2,129	1,362
42,104	Concrete Construction	7.96	4.72	33,924	2,698	1,600	1,098
42,129	Maintenance of Plants	3.44	2.58	120,735	4,152	3,114	1,038
09,600	Drilling Oil & Gas Wells	8.62	8.03	169,806	14,637	13,635	1,002
30,100	Mfg./Repair Boilers Tanks	4.28	3.44	115,280	4,934	3,966	968
42,135	Drywall Application	7.32	4.37	31,806	2,328	1,390	938
42,124	Electric Wiring	3.00	2.26	126,048	3,780	2,848	932
40,608	Brush Cutting by Power Equipment	14.74	5.82	9,845	1,452	573	879
42,118	Roofing	13.19	9.45	21,004	2,770	1,985	785
42,122	Plumbing Steam & Gas	3.42	2.41	77,185	2,640	1,860	780
65,808	General Auto Repair Shops	2.44	1.52	80,016	1,952	1,216	736
87,503	Hotels	1.30	.99	229,949	2,989	2,276	713
42,105	Sale/Erect Prefab Steel Buildings	12.91	4.72	8,594	1,109	405	704
40,601	Const. Highways, Roads, RR.	5.18	4.32	79,616	4,124	3,440	684
30,200	Fabrication of Structural Steel	5.12	3.58	38,067	1,951	1,364	587
42,102	Masonry & Brick Laying	7.96	5.09	21,061	1,680	1,074	606
42,184	Mechanical Insulation	8.08	4.98	18,392	1,487	916	571
89,701	Janitor Services	2.45	1.78	78,350	1,920	1,395	525
86,911	Manpower Services	8.56	4.78	13,744	1,173	655	518
09,200	Seismic Geo. Exploration	4.48	3.29	43,077	1,931	1,418	513
42,126	Fab/Instal. Hot Air Systems	4.68	3.22	34,951	1,638	1,127	511
50,711	Trucking Dirt/Snow/Sand	6.72	5.46	45,304	3,044	2,473	571
	TOTAL 30 Ind.	3.03	2.13	3,844,993	116,513	81,765	34,748
	PROVINCIAL TOTALS			19,325,689	357,441	307,441	
	PERCENT			19.7	32.6	26.6	

Report of the Task Force on the Workers' Compensation Board

Summary Report

Vern Millard
Chairman

Alberta

Report of the Task Force on the Workers' Compensation Board

Summary Report

November 7th, 1988

Vern Millard
Chairman

ACKNOWLEDGEMENTS

This review was made possible with the time and energy of several hundred participants, who made presentations to the Task Force in the course of its public meetings. In large part these persons represented a diverse range of organizations with an interest in WCB activities, but a special note of thanks should be made to the injured workers who represented themselves and provided the Task Force with valuable consumer comment that contributed to the preparation of this document.

Thank you also to the WCB for its help and cooperation in making available much of the statistical and historical information that provides a valuable backdrop to the discussion and recommendations.

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1. INTRODUCTION AND BACKGROUND

Shaping the Future

On March 31, 1988, the Minister of Community and Occupational Health and Minister responsible for the Workers' Compensation Board, released a Discussion Paper entitled *The Workers' Compensation Board: Shaping the Future*. The paper, prepared by the Workers' Compensation Board at the Minister's request, proposed the following major recommendations:

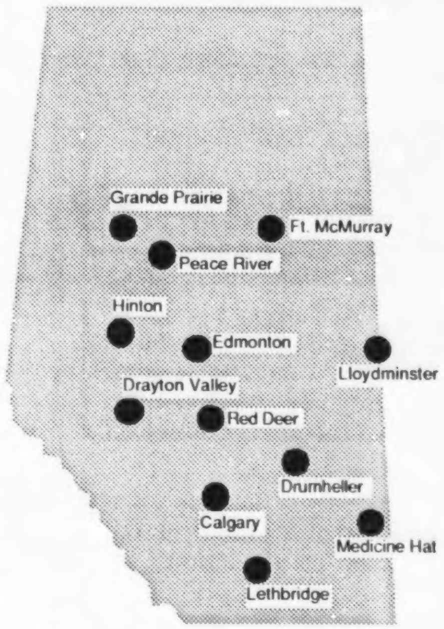
- The focus of the WCB's activities should be on *rehabilitation* rather than compensation
- A "wage loss" method should be adopted to compensate injured workers
- The concept of universal industry coverage should be accepted
- The WCB should adopt policies and systems which will allow it to become a more "service driven" organization
- An aggressive and proactive case management system should be adopted
- An internal appeal system should be maintained
- Full funding by employers should continue
- The assessment system is unnecessarily complex, and the WCB should investigate means of simplification while providing a fair distribution of costs

Major Recommendations Contained In The Workers' Compensation Board: Shaping the Future

The Discussion Paper suggested that these recommendations "require the input of those who are served by the Workers' Compensation Board as well as those who assist in providing that service." To achieve this objective, the Minister established a Task Force to conduct a public consultation.

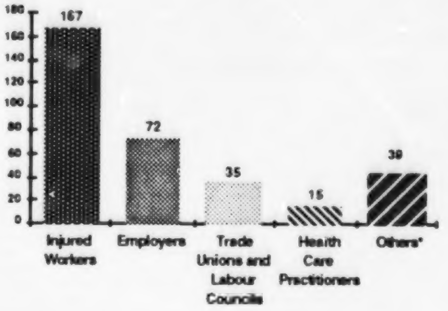
The Task Force Review Process

The Minister requested that the Task Force chair meetings throughout the Province, following which its findings and recommendations would be reported.



Communities Visited by the Task Force

A total of 288 individuals and organizations made presentations at the meetings, and an additional 40 written submissions were filed. The Task Force meetings provided an opportunity for all parties to comment on the Workers' Compensation Board recommendations contained in *Shaping the Future* and to provide additional proposals.



* MLA's
Government Agencies
Municipalities
Chambers of Commerce
Lawyers

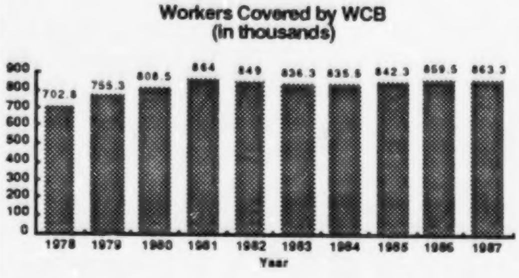
Submissions Received by the Task Force

The Task Force Reporting Process

This report constitutes a summary of the more detailed document, *Report of the Task Force on the Workers' Compensation Board.* The major issues are identified and analyzed here, and recommendations are presented. The reader is referred to the detailed report for a discussion of other issues arising during the course of the review. Many of the statistics and charts included in this report were compiled from information provided by Workers' Compensation Board staff. For ease of discussion, the term *injury* includes occupational diseases. WCB denotes the Workers' Compensation Board.

2. THE WCB'S PHILOSOPHICAL BASE

The fundamental tenet of the WCB is a 70-year-old "agreement" that employers would fund the cost of injuries on the job in exchange for the worker's relinquishing his/her right under common law to sue the employer. Representing about 75% of the total workforce in Alberta, 863,000 workers were covered by Workers' Compensation in 1987.



The number of workers covered by Workers' Compensation in Alberta has increased from about 700,000 in 1978, to 863,000 in 1987.

About 75% of the total workforce is covered.

The original "agreement" was only in principle - the parties were seriously divided about how it should be implemented. Employers wanted to limit benefits, and thereby costs, whereas unions and workers wanted complete coverage of injury costs. The initial legislation provided for benefits representing a middle ground between the two positions.

During the next 70 years, changes in the legislation narrowed the gap so that today injured workers are entitled to benefits that are very close to complete coverage. In fact, some employers contend that actual awards often exceed injury costs. However, in spite of these changes, the dispute regarding benefits and costs continues, although the specifics have changed. Fundamentally, workers and unions wish to maximize benefits, while employers strive to minimize costs.

While there is this area of disagreement, it is important to note that there is a good deal of agreement between the parties. Both workers/unions and employers agree that injured workers must be treated fairly in a sensitive and cost-effective manner. For example, both sides agree with the objective of effective rehabilitation to enable the worker to return to employment as soon as possible, which also minimizes costs. The two parties also agree that injuries should be reduced, which avoids pain and suffering for workers and minimizes costs for employers.

In summary, there is

- a long-standing agreement for workers' compensation,
- an inherent difference in outlook between workers/unions and employers over benefits and costs,
- agreement that injured workers should be treated fairly and that benefit programs should be cost effective, and
- consensus that injuries should be reduced to "rock bottom."

3. ISSUES CONSIDERED BY THE TASK FORCE

The 160 injured workers and 7 injured worker associations introduced a personal element and an issue not directly addressed in *Shaping the Future*. In describing their own experiences, they inevitably raised the issue of whether they had been treated fairly and, if not, what action should be taken.

The recommendations in *Shaping the Future* were seriously debated by many of the participants. Some recommendations received almost universal support, but others were challenged. The fundamental question is "Would adoption of these recommendations solve WCB problems?"

Accident reduction was not considered in *Shaping the Future* but became a major issue in the public meetings. Everyone agrees that it should be a primary objective and that policies and programs should be judged in terms of whether they assist or detract from accident reduction.

In evaluating recommended changes one needs a "measuring stick." The Task Force has concluded that the primary test of a proposal is whether it would provide fair treatment to an injured worker and be cost effective. Proposals should also be tested in terms of their compatibility with injury reduction.

The Task Force Considered Three Fundamental Issues...

- **Are the complaints of injured workers about the inadequacies of the system valid?**
- **Should the WCB recommendations be adopted?**
- **Are the current programs and policies suitable for reducing accidents?**

To Which It Applied the Following Criteria...

- **Would fair treatment for the worker result?**
- **Would the proposal be cost effective?**
- **Would accident reduction be achieved?**

Are the Complaints of Injured Workers Valid?

A unique and especially valuable contribution on WCB operations was provided by 167 injured workers and their associations. Their submissions provided first-hand information about their experiences and many aspects of the WCB system.

Most of their injuries were serious, with healing periods extending over several years, and in many cases they had suffered a sequence of injuries. Usually, the worker was unable to continue with his or her original type of work, but was not totally incapacitated and consequently had been declared fit for "suitable work" by the WCB. However, with few exceptions, they had been unsuccessful in finding that kind of work.

Most appeared to be severely disadvantaged by the current system. Their injuries had a serious, if not devastating, impact on their lives, and the basic remedy supposedly available through the WCB had not been effective. Frequently unable to work, and even though many received a permanent disability pension, they suffered a substantial loss of earnings from pre-injury times. Thus, most of the "cost of injury" appeared to have been borne by the worker rather than by the accident fund.

The Task Force recognizes that, since it only heard from the injured worker, there may be additional information which would have an impact on its conclusion. However, in many respects the outcome described by the injured workers appears compatible with the inherent difficulties in the current average disability pension system. The Task Force suspects that the cases it heard represent individuals who do not fit the average mold.

If a worker is truly unable to return to work due to a work-related injury, then surely the system should compensate the worker for the loss in earnings. Indeed, that appears to be the intent of Sections 59 and 60 of the Workers' Compensation Act. Section 59 deals with those situations where there was a pre-existing condition, while Section 60 deals with other cases. Each provides the Board with authority to grant a wage-loss supplement.

Except for a few instances, the WCB apparently has only granted wage-loss supplements under Section 60 when the injured worker has returned to work. However, being employed is not a requirement of either the Act or WCB policy, and the Task Force believes that many of those workers who appeared at the meetings would be eligible for the benefits.

Task Force Recommendation

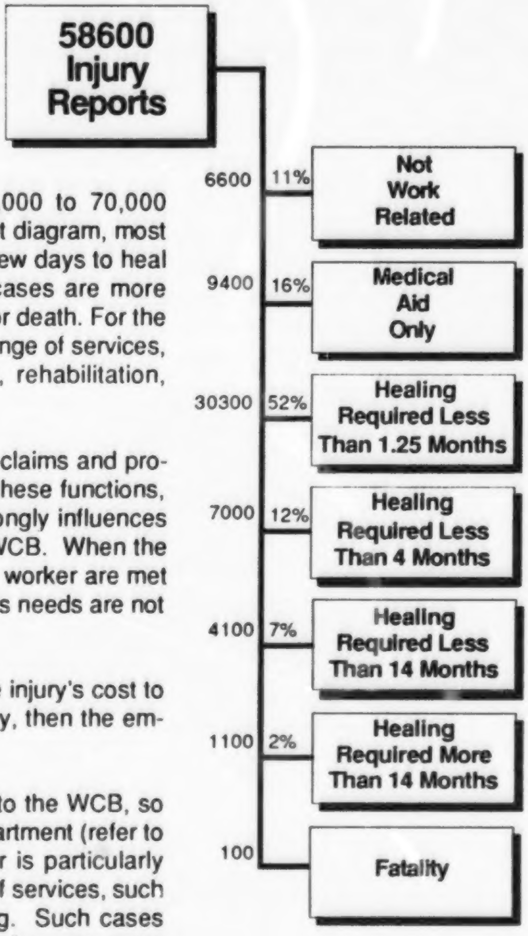
The Task Force recommends that the cases of workers seriously disadvantaged by the current system be reconsidered

Should the WCB Recommendations be Adopted?

Shaping the Future includes many recommendations, but this summary reports on only the major issues.

Care and Compensation of Injured Workers (Claims Processing)

The procedure for a worker who is injured in a work-related accident is to report the injury to the employer and the WCB and to seek medical attention. Each year the WCB receives from 50,000 to 70,000 accident/injury reports. As can be seen in the adjacent diagram, most of these injuries are relatively minor, requiring only a few days to heal and limited services by the WCB. However, some cases are more serious, and a few tragically result in total impairment or death. For the more serious injuries, the WCB must provide a wide range of services, including compensation, payment of medical costs, rehabilitation, counselling and assistance to dependents.


58600 Injury Reports
6600
11%
Not Work Related
9400
16%
Medical Aid Only
30300
52%
Healing Required Less Than 1.25 Months
7000
12%
Healing Required Less Than 4 Months
4100
7%
Healing Required Less Than 14 Months
1100
2%
Healing Required More Than 14 Months
100
Fatality

The heart of WCB operations is processing the injury claims and providing services to the injured worker. In carrying out these functions, the Claims Processing Department determines or strongly influences the relationship the injured worker will have with the WCB. When the Department does its job well, the diverse needs of the worker are met and the worker is generally satisfied. When the worker's needs are not met, problems, complaints and friction can result.

The Department is also the primary determinant of the injury's cost to the employer. If the decisions are in conflict with policy, then the employer is unhappy and problems ensue.

Just as the Claims Processing Department is central to the WCB, so the adjudicators are pivotal to the operation of the Department (refer to the diagram on page 7). The role of the adjudicator is particularly important for those injured workers requiring a variety of services, such as rehabilitation, counselling and vocational retraining. Such cases usually involve an extensive healing period and often become more complex as the healing time increases.

The impact of an injury on a worker's life is particularly pronounced for the very small group of workers whose recovery rate (if indeed they do recover) is greater than one year. In September 1988, this group had 3080 cases with an average time since injury of about 28 months. In 262 of these cases, the time since injury was more than four years. Not only do such injuries have an enormous impact on the affected workers and their families, but the cost is astronomical - **some $40 million per year.**

During the last decade, the average length of compensation period doubled - from an average of 27 days per claim to 57 days in 1986, and 50 days in 1987. Although the causes of this change are not clear, the following reasons are likely:

- **condition of the economy.**
- **heavy case loads causing delay in claims processing.**
- **delays in treatment by physicians and hospitals.**
- **changes in interpretation of WCB policies.**

Not only do the Department's 80 adjudicators have a very demanding job, but they are operating under unsatisfactory conditions:

- their average case load of 250 files is far too high and prevents them from properly servicing injured workers,
- the processing system (files, information systems, etc.) is inadequate,
- the working conditions are archaic, and
- their training and experience are inadequate.

For example, adjudicators do not have time to meet with any of the injured workers and are forced to avoid telephone calls as much as possible because of the heavy case loads. Their average experience is less than 18 months, but each adjudicator is responsible for decisions that have an average annual financial responsibility of almost $4 million, or a total of $300 million for the group.

The WCB Proposal

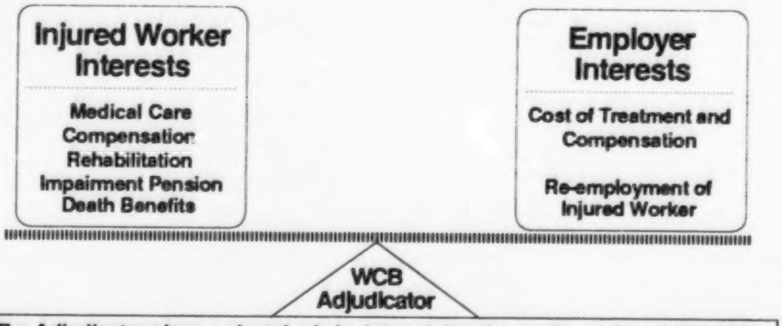
1. Improved service to all parties.
2. Case management for injury claims, with early identification of those cases requiring prompt and effective rehabilitation.

What the Participants Said

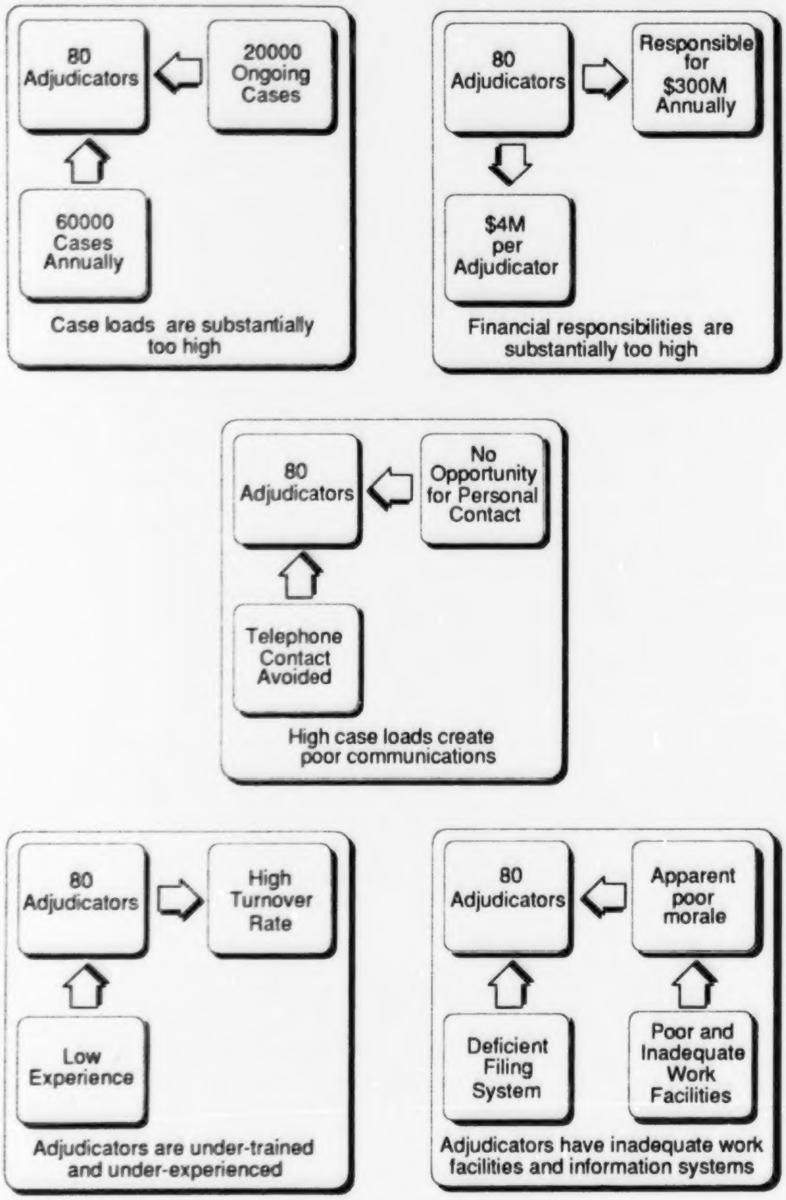
- Injured workers described the inadequate and insensitive services provided by the WCB.
- Unions supported the contentions of injured workers and identified the need for an education and communication program.
- Employers generally agreed with the main proposals of the WCB.
- Health care practitioners urged better co-ordination of services.

Task Force Recommendations

1. **Agrees with WCB recommendations, but they are not sufficient.**
2. **There should be an immediate infusion of resources into claims processing - more adjudicators with more training and more experience, improved processing systems, and upgraded working conditions.**
3. **There should be a recognition of the key role played by the adjudicators, as illustrated below.**



The Adjudicator plays a pivotal role in determining the quality of the relationship between Employers and the Board, and Injured Workers and the Board. Frequently the evidence is not black or white, and the Adjudicator is forced to make a decision which can have major impacts on the parties.


80 Adjudicators
20000 Ongoing Cases
60000 Cases Annually
80 Adjudicators
Responsible for $300M Annually
$4M per Adjudicator
80 Adjudicators
No Opportunity for Personal Contact
Telephone Contact Avoided
80 Adjudicators
High Turnover Rate
Low Experience
80 Adjudicators
Apparent poor morale
Deficient Filing System
Poor and Inadequate Work Facilities

Case loads are substantially too high

Financial responsibilities are substantially too high

High case loads create poor communications

Adjudicators are under-trained and under-experienced

Adjudicators have inadequate work facilities and information systems

Factors Bearing on WCB Adjudicators

Rehabilitation of Injured Workers

The WCB Proposal	What the Participants Said	Task Force Recommendations
1. Major emphasis should be placed on rehabilitation.	• Injured workers criticized rehabilitation programs and the Rehabilitation Centre.	**1. Agrees with WCB recommendations.**
2. Community facilities should be used where possible.	• Unions supported the importance of rehabilitation but were concerned that the WCB proposal was designed to get workers through and out of the system.	**2. Currently rehabilitation is delayed because the number of counsellors is insufficient. Consequently, pain and suffering are prolonged and costs increase.**
3. All parties - the WCB, injured workers and employers - have a role in effective rehabilitation.	• Employers generally supported WCB proposals but suggested use of existing services.	

Compensation for Permanent Impairment (Disability Pensions)

Under the current system, a life-time pension is determined by applying an "incapacity factor" to the injured worker's earning rate before the accident. The "incapacity factor" represents the degree of impairment according to a schedule which assigns different percentages to various body parts (e.g. a hand = 50%, a complete arm = 70%). Thus, the current system is based on the "average" or "whole man" concept. The assumption is that the resultant permanent disability pension will compensate for earnings lost by the injured worker as a result of the accident.

However, the actual earnings impact will probably depend more on the worker and his/her occupation than on the injury. For example, the loss of a leg could have a major impact on the earnings of a logger, but limited impact on an office worker's wages. Under the current system, each would receive the same percentage of pre-injury earnings.

The sad accounts of many of the injured workers attest to the shortcomings of the current system. Of the approximately 90 injured workers who reported back injuries, many appeared virtually unable to work, but some did not receive any pension and others only a partial pension.

The accounts of employers indicate that in other cases the system results in substantial pension awards when there is little if any impact on earnings and little actual impairment. Consider the following case: *One of the drilling companies filed details about an employee who was not wearing his safety glasses and whose eye was injured by a small piece of steel. The steel was subsequently removed during an operation, and the final outcome was a slight reduction of vision in one eye. The worker was provided with a pair of corrective glasses, which he allegedly does not wear. He missed nine days of work, but his income was guaranteed by the company. The injured worker received $64,000 as a lump-sum payment, based on the impairment schedule and his pre-injury earning level.*

Compensation (continued)

The WCB Proposal	What the Participants Said	Task Force Recommendations
1. Replace the average disability system with a wage-loss plan that would compensate injured workers for loss of earnings due to the injury.	• Injured workers did not comment directly on wage-loss, but their financial problems attested to the inadequacies of the current system.	**1. The current system cannot accommodate the wide range of individual circumstances, and consequently, it either under-compensates (as in the case of most of the injured workers who appeared) or over-compensates (as in the example of the driller receiving $64,000).**
2. Following the workers healing and rehabilitation, there should be a one-time determination of the amount of wage-loss.	• Unions generally opposed wage-loss.	**2. The Task Force agrees with most of the WCB proposal but not with the one-time determination.**
3. There should be a detailed study before implementation of this proposal.	• Employers generally supported the proposal but urged careful analysis before implementation.	**3. In addition to compensating for the loss of earnings, there should be a lump sum payment for those injuries that result in permanent impairments that affect the worker's quality of life. For example, at the hearing, a person who lost both legs in an oilfield explosion recounted how significantly his life had been changed by his injury, even though his earnings may not have been affected.***

***Those provinces which have adopted a wage-loss system (Saskatchewan, Ontario, Quebec and New Brunswick) have also adopted lump sum settlements. The recent announcement from Ontario indicates that its maximum lump sum settlement will be $65,000 for total disablement at age 25. This amount is to be reduced by $1000 per year, to $25,000 at age 65.**

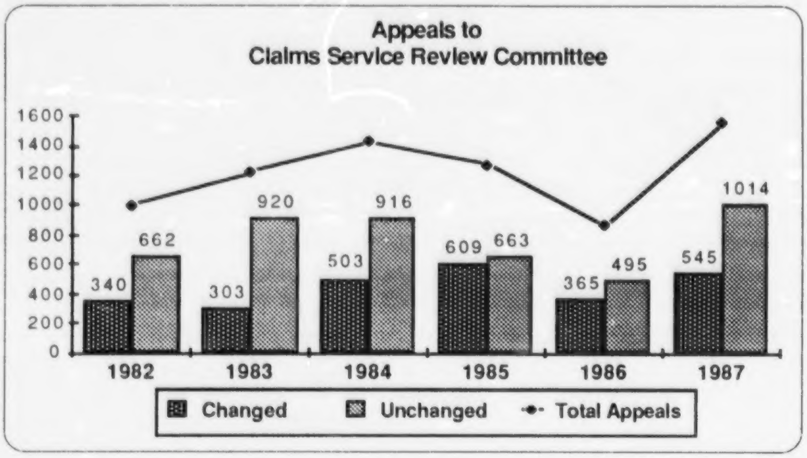
Appeals

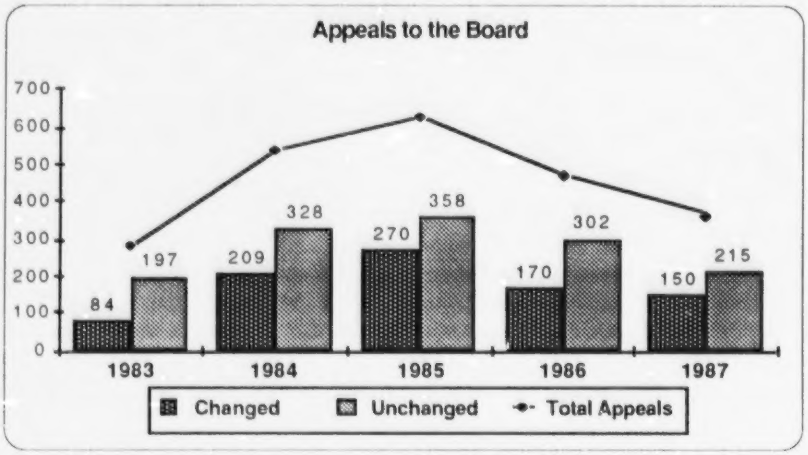
The Workers' Compensation Act prescribes that a claim shall be reviewed by the Claims Services Review Committee. It also states that appeals may be made to the Board. The most common reasons for appeal are:

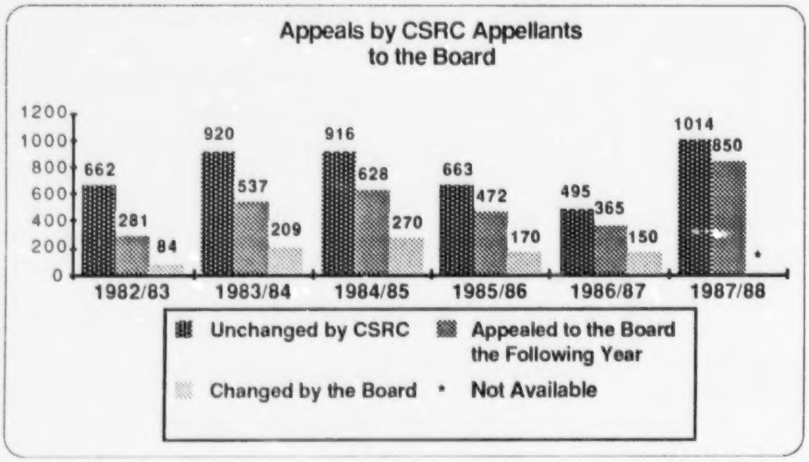
- discontinuance of benefits for an injured worker when he or she is declared fit to return to suitable employment,
- a ruling that a claim is not compensable, and
- an award of a permanent partial disability pension which is deemed by the worker to be too low.

The WCB Proposal	What the Participants Said	Task Force Recommendations
1. Appeals remain an internal process. 2. Full reasons for an appeal decision be given. 3. The right to appeal to the first level of appeal remain unchanged. 4. Appeals to the Board require an "acceptable reason". 5. A time limit for filing an appeal be established.	•Injured **workers** complained about long delays in the appeal process, during which time they did not receive compensation. They cited the serious effects such delays had on their lives. •**Trade unions** argued for an external independent system of appeal. Both **unions** and **workers** objected to the proposal that an "acceptable reason" be required for an appeal to the Board. •While some **employers** felt that the current appeal system should not be changed, most employers agreed with Bill 30 and the WCB proposals regarding appeals.	**1. Agrees with an internal appeals process and that reasons for decisions be required.** **2. Recommends that the current two-level appeal system be replaced by a single appeal to the new Appeals Commission.** **3. Recommends that a complaint/review system be implemented to provide an informal mechanism for investigating complaints.** **4. Does not agree with the proposal to require an "acceptable reason" and a time limit for appeals to the Board.** **Further discussion follows:**

The Task Force is concerned by the fact that the three decision-making levels (adjudicators, Claims Services Review Committee [CSRC] and Board) operating under the same Act and policies can arrive at such contradictory decisions. The figures on the following page illustrate the many changes made by successive levels in the decision-making process. The CSRC changed an average of 36% of adjudicators' decisions that were appealed, and the Board subsequently changed an average of 39% of the 64% of appeals left unchanged by the CSRC. The data suggest that about 80% of the denials by the CSRC are appealed to the Board. One must conclude that little, if any, communication occurs between the three levels.







Because of the apparent inconsistencies in decision-making and the duplication of effort, the Task Force believes that serious consideration should be given to establishing one level of appeal. This approach would cause the injured worker less distress, and it would be more cost effective.

The Task Force also disagrees with the WCB's recommendation that appeals to the Board require an "acceptable reason." This proposal is bound to lead to argument and would be a new source of dispute and conflict. Moreover, it would encourage the use of lawyers and advocates who would be best qualified to present arguments justifying the need for an appeal.

The Funding of WCB Operations

Full Funding

The WCB Proposal

The WCB recommended that the full cost of current accidents be paid for by current employers. This approach was practiced prior to 1982, but since then the government imposed restrictions on adjusting assessment rates to required levels.

What The Participants Said

Almost all participants agreed with full funding, but employers were concerned about the transition and urged a gradual correction plan.

Task Force Recommendation

The Task Force proposes a two-stage process:

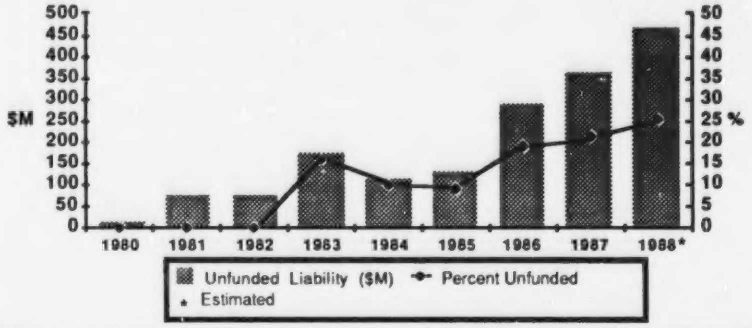
- **getting annual assessment rates up to the full funded rate, and**
- **amortizing the total unfunded liability over an extended period...for example, 20 years.**

The following table illustrates the relationship between average rates and full funded rates:

Year	Average Assessment Rate	Average Rate Required for Full Funding	Difference
	$ Per $100 Assessable Payroll		
1982	1.71	1.98	.27
1983	1.76	1.98	.20
1984	1.67	1.69	.02
1985	1.64	1.92	.28
1986	1.59	1.99	.40
1987	1.54	1.70	.16
1988	1.59	1.95	.36
Average	1.64	1.88	.24

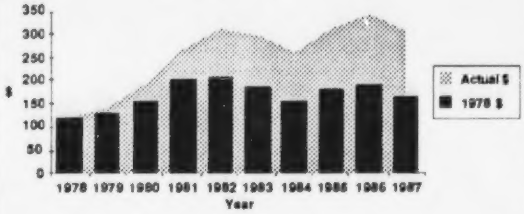
As illustrated in the accompanying chart, the shortfall in assessment rates has resulted in an increasing unfunded liability.

Unfunded Liability
(in $M)



Further information is presented on the full-funded costs of injury claims per year, per covered worker, and per compensable claim in the following charts.

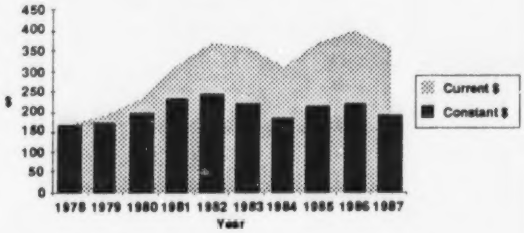
Full Funded Costs of Injury Claims
($ in millions)

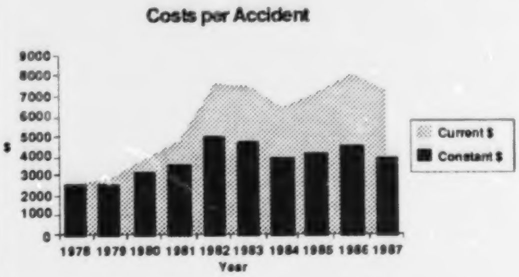


The estimated current and future costs of injury claims in a year are referred to as full funded costs. They increased from $117 million in 1978 to $313 million by 1982 and over the next five years fluctuated somewhat, but have remained relatively stable. Expressed in constant 1978 dollars, they have declined since 1982.

The cost per worker covered by the WCB increased from $167 in 1978 to $369 by 1982, but has remained more or less constant during the next 5 years. In terms of constant 1978 dollars, the cost per worker has declined somewhat during the last 5 years.

Costs per Covered Worker





As in the case of the cost per worker the cost per accident in terms of constant dollars has declined during the last five years.

Assessment System

The WCB Proposal

The WCB concluded that its assessment system is overly complex and "difficult to explain." Consequently, it recommended that the system be simplified and "the number of categories within the existing classification system should be reduced significantly."

What The Participants Said

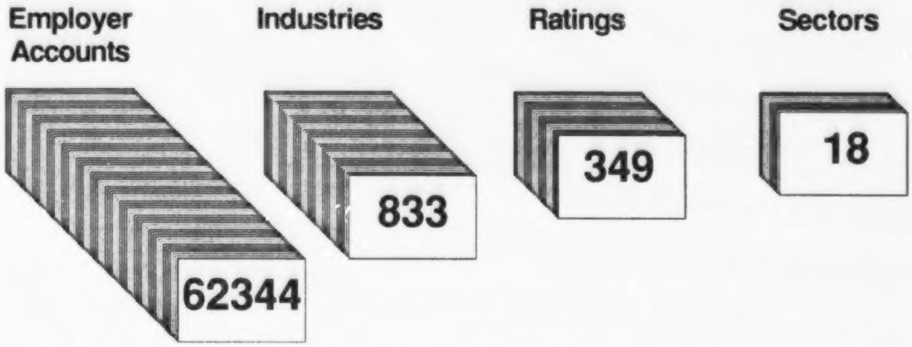
Many employers endorsed the WCB's recommendations. Both employer and union participants agreed that industries should be assessed in proportion to their cost record for injuries. For employers that process was fair and provided incentives to reduce injuries. For unions it was a matter of equity.

Task Force Recommendations

The Task Force does not agree witth the WCB proposal for a significant reduction in the number of categories. The current system does not appear to be too complex. It provides equity between industries and maximum incentive for accident reduction. A significant reduction in categories would conflict with each of those objectives.

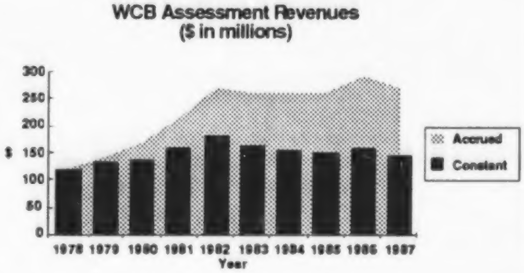
The Task Force's review of the assessment system indicates that there are 62,344 employer accounts which have been classified into 833 industries. Those industries having similar risk characteristics are then grouped into 349 rating units. The WCB estimated 1988 costs for each rating unit by using the record of claims costs for the past 9 years. It then estimated an assessment rate for each unit which, when applied to the assessable payroll for that unit, would recover the estimated claims costs, plus an allowance for administrative and other unallocated costs.

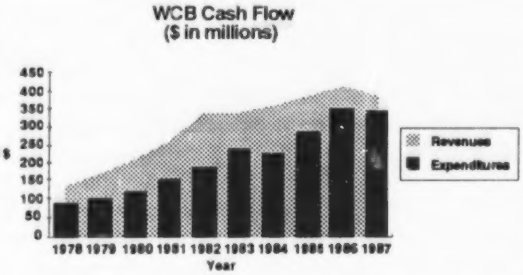
The classification system and calculation process is illustrated below.



The following charts provide an overview of assessment revenues during the last decade and their relationship to full funded costs:

Assessment revenues more than doubled from 1978 to 1982, but since then have remained virtually constant. In terms of constant 1978 dollars, they have declined since 1982 and in 1987 were only 24 per cent more than in 1978.





A comparison of revenues from assessment levies plus investment income and annual expenditures shows a significant cash flow for most of the period. By 1987 the difference had declined to less than $50 million.

Are the Current Programs and Policies Suitable for Reducing Accidents?

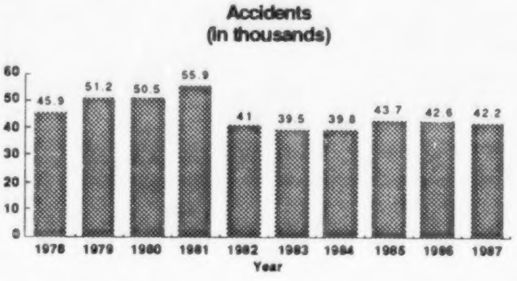
During the last decade, Alberta industry has had almost 500,000 lost time injuries. The resultant pain and suffering have been immense, as has the cost - **$2.5 billion.**

Over the years, several approaches to reducing accidents have been implemented:

- joint worksite health and safety committees,
- enforcement of compliance with regulations, standards, policies, etc.,
- providing information on performance respecting injuries to all parties,
- education of workers and employers in health and safety practices, and
- providing financial incentives for industry to reduce accidents through lower Workers' Compensation Board assessment rates.

No empirical evidence exists to demonstrate that these programs are effective, either individually or collectively. Although the work place accident rate has been declining over the past decade, the decline is probably more related to the level of economic activity than to accident reduction programs.

The issue of accident prevention or, probably more correctly, of injury reduction was not discussed in any detail in *Shaping the Future*. However, this issue became a major theme at the public meetings, particularly because of the emphasis by trade unions.



The number of accidents to workers covered by the WCB has varied with level of economic activity. A peak of 60 thousand time-lost injuries occurred in 1981. For the last 3 years it has remained relatively stable at about 42,000.

A time-lost injury is one in which the worker is on compensation for one or more days.

What the Participants Said

Trade unions were concerned that *Shaping the Future* stated the WCB "does not have an active accident prevention role" and that it "cannot actively prevent accidents." They contended accident prevention is a joint responsibility of WCB and OH&S.

Employers reported on accident prevention programs that they were planning or had instituted.

Task Force Recommendations

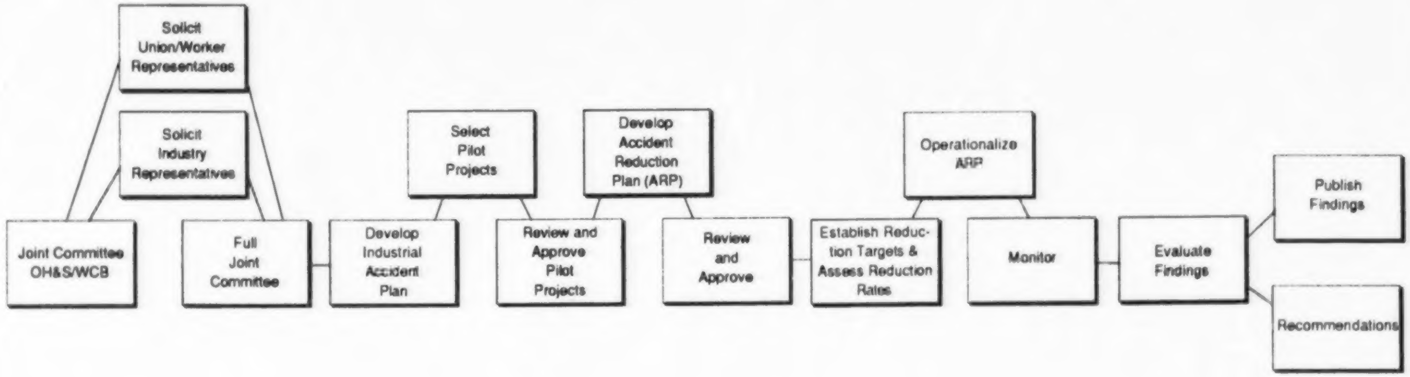
1. Accident reduction should be a number one objective.

2. Both WCB and OH&S can contribute, indeed are required to do so, for an effective program.

3. The anomalies in industry assessments provide a "window of opportunity" for a pilot study for accident reduction.

4. WCB and OH&S should jointly initiate a pilot study seeking the input and cooperation of industry, unions and workers.

A broad outline of how an assessment-related injury reduction plan might be implemented is illustrated on page 19.


Solicit Union/Worker Representatives
Solicit Industry Representatives
Joint Committee OH&S/WCB
Full Joint Committee
Develop Industrial Accident Plan
Select Pilot Projects
Review and Approve Pilot Projects
Develop Accident Reduction Plan (ARP)
Review and Approve
Establish Reduction Targets & Assess Reduction Rates
Operationalize ARP
Monitor
Evaluate Findings
Publish Findings
Recommendations

A Suggested Means Of Introducing An Assessment-Related Injury Reduction Plan

4. RECOMMENDATIONS

The Task Force considered a wide range of recommendations from participants. It agrees with many of the proposals, but not with all of them. Additionally, some recommendations are vital to the future of the WCB, whereas others have less significance. Some need to be acted on immediately, but others can be left to a more opportune time when the Board does not have "so much on its plate."

Recommendations Requiring Immediate Action

1. **Injured workers who have been disadvantaged by the system need to have redress and their cases re-considered.**
2. **The claims processing function in the WCB needs an infusion of resources in order to make the work load compatible with being able to treat injured workers in a fair and sensitive manner, as well as being cost effective.**
3. **A joint WCB/OH&S pilot study on injury reduction should be implemented to take advantage of the "window of opportunity" currently available because of anomalies in the WCB assessment system.**
4. **Case management and rehabilitation proposals of the WCB should be implemented.**
5. **A study on a wage-loss compensation system should be undertaken as proposed, with the intent of implementing a dual award wage-loss system as soon as possible.**
6. **The appeals system needs to be rationalized:**
    - **The lengthy delays in considering appeals should be eliminated,**
    - **The 60 percent overturn of decisions going to appeal needs to be corrected, and**
    - **The two-level system of appeals should be replaced by an informed complaint/review system and appeals to the Appeal Commission.**